

COUNTY OF LASSEN

AUDIT REPORT

JUNE 30, 2009

COUNTY OF LASSEN

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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors and Grand Jury
County of Lassen
Susanville, California

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Lassen, California, (the County), as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Lassen, California, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued under separate cover, our report dated December 7, 2009, on our consideration of the County of Lassen's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Supervisors and Grand Jury
County of Lassen

The Management's Discussion and Analysis (MD & A) and the required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Gallina LLP".

Roseville, CA
December 7, 2009

COUNTY OF LASSEN

Management's Discussion and Analysis Required Supplementary Information

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded liabilities at the close of the 2008-2009 fiscal year by \$85,315,402 (*net assets*). Of this amount, \$15,838,811 (*unrestricted net assets*) may be used to meet ongoing obligations to citizens and creditors, \$20,202,108 is restricted for specific purpose (*restricted net assets*), and \$49,274,483 is invested in capital assets, net of related debt. The government's total net assets increased by \$10,226,834.
- The County governmental funds reported combined fund balances of \$34,888,694 an increase of \$1,219,650 in comparison with the prior year.
- The County's unreserved fund balance for the general fund was \$5,648,464, or 68% of total general fund expenditures.
- The County's investment in capital assets increased by \$8,223,344.
- The County's total long-term liabilities increased by \$497,584 in comparison with the prior year. The change is the net result primarily due from the first year of reporting the liability for other post-employment benefits, scheduled principal retirement of certificates of participation, and an increase in insurance claims liability.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components 1) **Government-wide** financial statements; 2) **Fund** financial statements and 3) **Notes** to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

Government-wide Financial Statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

- The *statement of net assets* presents information on all County assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.
- The *statement of activities* presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

COUNTY OF LASSEN

Management's Discussion and Analysis Required Supplementary Information

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation. The business-type activities of the County include the County Service Area (Honey Lake TV), County Business Parks, and County Water Systems.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows* and *outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains six individual governmental funds that are considered major funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, the Road Fund, Health and Human Services Fund, Welfare Fund, Public Safety Fund and the Community Development Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

COUNTY OF LASSEN

Management's Discussion and Analysis Required Supplementary Information

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Proprietary funds are maintained two ways. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the County Service Area #1 (Honey Lake TV), county business parks, and county water systems operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its fleet maintenance and information systems functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise fund operations are not considered to be major funds of the County. The County's internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds except for agency funds.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information is presented concerning the County's major funds budgetary schedules. The County adopts an annual appropriated budget for its funds. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$85,315,402 at the close of the most recent fiscal year.

COUNTY OF LASSEN

Management's Discussion and Analysis Required Supplementary Information

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Statement of Net Assets
June 30, 2009

| | Governmental Activities | | Business-Type Activities | | Total | | Variance (%) |
|---|-------------------------|---------------|--------------------------|--------------|---------------|---------------|--------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | |
| Assets: | | | | | | | |
| Current and other assets | \$ 42,931,408 | \$ 39,632,782 | \$ 171,009 | \$ 207,415 | \$ 43,102,417 | \$ 39,840,197 | 8.2 |
| Capital assets | 48,903,405 | 41,254,366 | 996,078 | 1,021,773 | 49,899,483 | 42,276,139 | 18.0 |
| Total assets | 91,834,813 | 80,887,148 | 1,167,087 | 1,229,188 | 93,001,900 | 82,116,336 | 13.3 |
| Liabilities: | | | | | | | |
| Current and other liabilities | 4,152,784 | 3,991,638 | -- | -- | 4,152,784 | 3,991,638 | 4.0 |
| Long-term liabilities | 3,533,714 | 3,036,130 | -- | -- | 3,533,714 | 3,036,130 | 16.4 |
| Total liabilities | 7,686,498 | 7,027,768 | -- | -- | 7,686,498 | 7,027,768 | 9.4 |
| Net Assets: | | | | | | | |
| Invested in capital net of related debt | 48,278,405 | 40,029,366 | 996,078 | 1,021,773 | 49,274,483 | 41,051,139 | 20.0 |
| Restricted net assets | 20,202,108 | 20,659,291 | -- | -- | 20,202,108 | 20,659,291 | (2.2) |
| Unrestricted net assets | 15,667,802 | 13,170,723 | 171,009 | 207,415 | 15,838,811 | 13,378,138 | 18.4 |
| Total net assets | \$ 84,148,315 | \$ 73,859,380 | \$ 1,167,087 | \$ 1,229,188 | \$ 85,315,402 | \$ 75,088,568 | 13.6 |

A portion of the County's net assets, \$15,838,811 represents *unrestricted net assets* which may be used to meet the County's ongoing obligations to citizens and creditors.

Another significant portion of the County's net assets, \$49,274,483, reflects its investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County's management also designates unreserved fund balance to a particular function, project or activity. Fund balance may also be designated for purposes beyond the current year. However, designated fund balance is available for appropriation at any time.

At the end of the current fiscal year, the County reported positive balances in all three categories of net assets, both for the County as a whole, as well as for its separate governmental activities and business-type activities.

The County's net assets increased by \$9,374,259 during the current fiscal year. The increase in net assets invested in capital assets, net of related debt, represents capital purchases and projects net of depreciation plus the retirement of related long-term debt. Net assets were restated to include capital assets of the Fair Fund and lands owned by Lassen County but used by the Solid Waste Authority.

COUNTY OF LASSEN

Management's Discussion and Analysis Required Supplementary Information

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The following table indicates the changes in net assets for governmental and business-type activities:

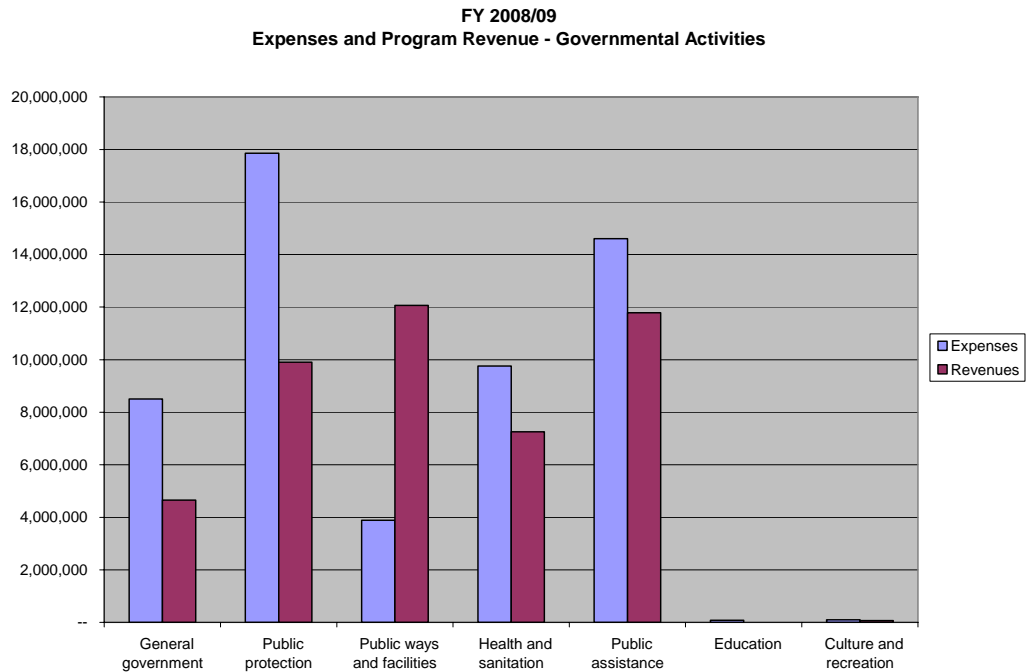
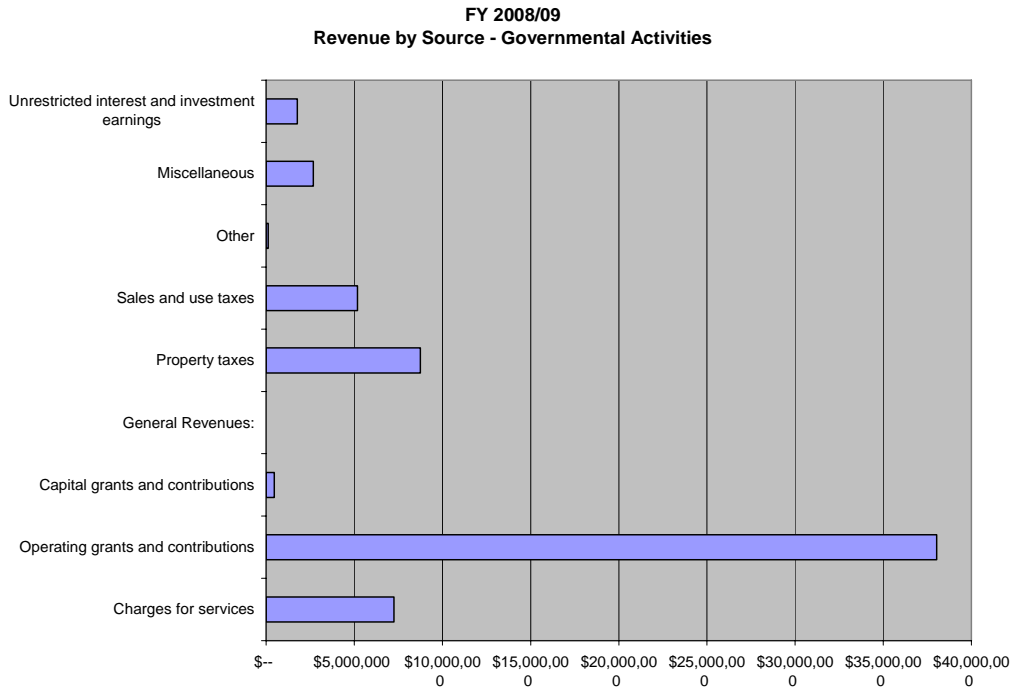
Statement of Activities
For the Year Ended June 30, 2009

| | Governmental Activities | | Business-Type Activities | | Total | | Variance (%) |
|---|-------------------------|---------------|--------------------------|--------------|---------------|---------------|--------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | |
| Revenues: | | | | | | | |
| Program Revenues: | | | | | | | |
| Charges for services | \$ 7,247,868 | \$ 5,091,341 | \$ 79,279 | \$ 51,839 | \$ 7,327,147 | \$ 5,143,180 | 42.5 |
| Operating grants and contributions | 38,028,269 | 33,959,169 | -- | -- | 38,028,269 | 33,959,169 | 12.0 |
| Capital grants and contributions | 460,609 | 66,916 | -- | -- | 460,609 | 66,916 | 588.3 |
| General Revenues: | | | | | | | |
| Property taxes | 8,743,583 | 7,862,759 | -- | -- | 8,743,583 | 7,862,759 | 11.2 |
| Sales and use taxes | 5,183,542 | 5,899,074 | -- | -- | 5,183,542 | 5,899,074 | (12.1) |
| Other | 118,051 | 529,108 | -- | -- | 118,051 | 529,108 | (77.7) |
| Miscellaneous | 2,677,365 | 2,604,311 | -- | -- | 2,677,365 | 2,604,311 | 2.8 |
| Unrestricted interest and investment earnings | 1,776,454 | 2,128,618 | 6,883 | 35,359 | 1,783,337 | 2,163,977 | (17.6) |
| Total revenues | 64,235,741 | 58,141,296 | 86,162 | 87,198 | 64,321,903 | 58,228,494 | 10.5 |
| Expenses: | | | | | | | |
| General government | 8,503,575 | 7,818,030 | -- | -- | 8,503,575 | 7,818,030 | 8.8 |
| Public protection | 17,857,548 | 18,176,837 | -- | -- | 17,857,548 | 18,176,837 | (1.8) |
| Public ways and facilities | 3,886,859 | 14,437,045 | -- | -- | 3,886,859 | 14,437,045 | (73.1) |
| Health and sanitation | 9,760,520 | 5,343,195 | -- | -- | 9,760,520 | 5,343,195 | 82.7 |
| Public assistance | 14,600,484 | 9,156,415 | -- | -- | 14,600,484 | 9,156,415 | 59.5 |
| Education | 85,556 | 87,822 | -- | -- | 85,556 | 87,822 | (2.6) |
| Culture and recreation | 95,424 | 102,218 | -- | -- | 95,424 | 102,218 | (6.6) |
| Interest on long-term debt | 39,147 | 64,514 | -- | -- | 39,147 | 64,514 | (39.3) |
| County Service Area (Honey Lake TV) | -- | -- | 80,170 | 81,013 | 80,170 | 81,013 | (1.0) |
| County Business Parks | -- | -- | 31,756 | 38,232 | 31,756 | 38,232 | (16.9) |
| County Water System | -- | -- | 6,605 | 5,333 | 6,605 | 5,333 | 23.9 |
| Total expenses | 54,829,113 | 55,186,076 | 118,531 | 124,578 | 54,947,644 | 55,310,654 | (0.7) |
| Transfers | 29,732 | 15,000 | (29,732) | (15,000) | -- | -- | -- |
| Change in net assets | 9,436,360 | 2,970,220 | (62,101) | (52,380) | 9,374,259 | 2,917,840 | 221.3 |
| Net Assets - Beginning | 73,859,380 | 71,072,383 | 1,229,188 | 1,281,568 | 75,088,568 | 72,353,951 | 3.8 |
| Prior period adjustment | 852,575 | (183,223) | -- | -- | 852,575 | (183,223) | (565.3) |
| Net assets at end of year | \$ 84,148,315 | \$ 73,859,380 | \$ 1,167,087 | \$ 1,229,188 | \$ 85,315,402 | \$ 75,088,568 | 13.6 |

COUNTY OF LASSEN

Management's Discussion and Analysis Required Supplementary Information

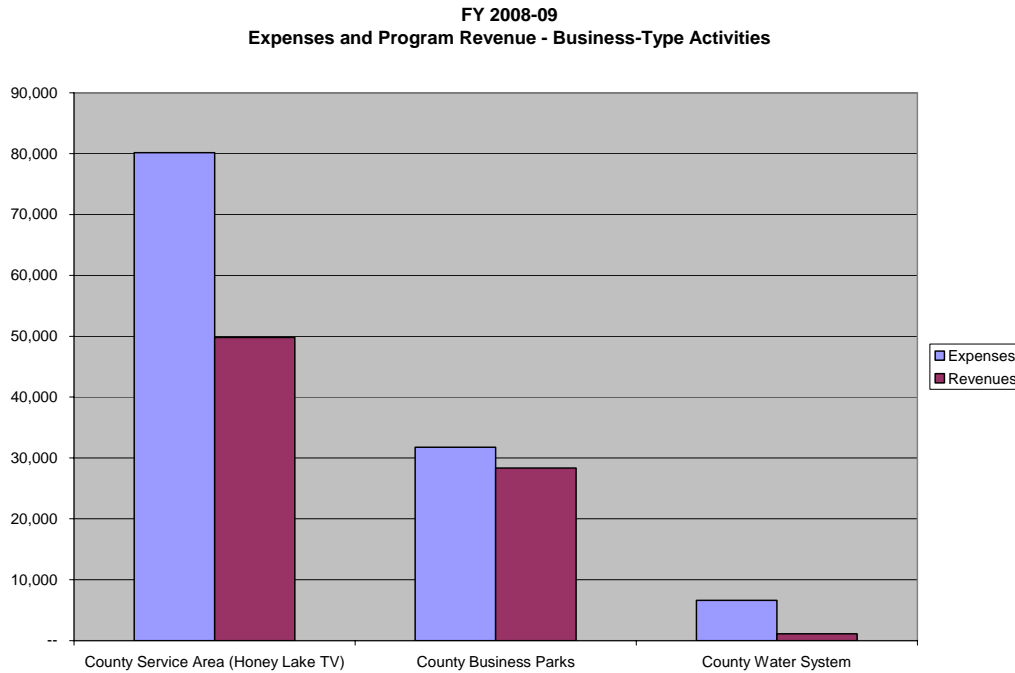
GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)



COUNTY OF LASSEN

Management's Discussion and Analysis Required Supplementary Information

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The general government functions are contained in the General, Special Revenue, Debt Service, and Capital Project Funds. Included in these funds are the special districts governed by the Board of Supervisors. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

COUNTY OF LASSEN

Management's Discussion and Analysis
Required Supplementary Information

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (continued)

| | Net Change in Fund Balance Governmental Funds | | Increase (Decrease) | |
|--|--|-----------------------------|-----------------------------|-----------------------------|
| | FY 2008/09 | FY 2007/08 | Amount | Percent |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Fund Balance - Beginning of Year, restated | \$ 33,669,044 | \$ 32,947,993 | \$ 721,051 | 2.19% |
| Revenues | 63,826,954 | 61,086,000 | 2,740,954 | 4.49% |
| Expenditures | <u>(62,654,636)</u> | <u>(60,246,226)</u> | <u>(2,408,410)</u> | <u>4.00%</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 1,172,318 | 839,774 | 332,544 | 39.60% |
| Other Financing Sources (Uses) | 47,332 | 15,000 | 32,332 | 215.55% |
| Prior period adjustment | -- | (133,723) | 133,723 | -- |
| Fund Balance - Ending of Year | <u>\$ 34,888,694</u> | <u>\$ 33,669,044</u> | <u>\$ 1,219,650</u> | <u>3.62%</u> |

At June 30, 2009, the County's governmental funds reported combined fund balances of \$34,888,694, an increase of \$1,219,650 in comparison with the prior year. Of these combined fund balances, \$30,879,990 constitutes *unreserved fund balance of the General and Special Revenue Funds*, which is available to meet the County's current and future needs. The remainder of fund balance \$4,008,704 is *reserved* to indicate that it is *not* available for new spending because it has been committed.

The General Fund is the chief operating fund of the County. At June 30, 2009, unreserved fund balance was \$5,648,464 while total fund balance reached \$8,368,441. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved and total fund balance to total fund expenditures. Unreserved fund balance represents 68% of total General Fund expenditures, while the total fund balance represents 101% of total General Fund expenditures. It should be noted that Other Financing Uses (transfers) are not included in this comparison.

The County's management also designates (earmarks) unreserved fund balance to a particular function, project, or activity. Fund balance may also be designated for purposes beyond the current year. However, designated fund balance is available for appropriation at any time. Of the \$5,648,464 General Fund unreserved fund balance, 74% (or \$4,163,283) is designated.

The other major governmental funds' fund balances changed as follows: Roads \$1,256,529, Health and Human Services \$(713,587), Welfare \$79,101, Public Safety \$326,357, Community Development \$(644,451). The non-major governmental funds changed by \$730,343.

COUNTY OF LASSEN

Management's Discussion and Analysis Required Supplementary Information

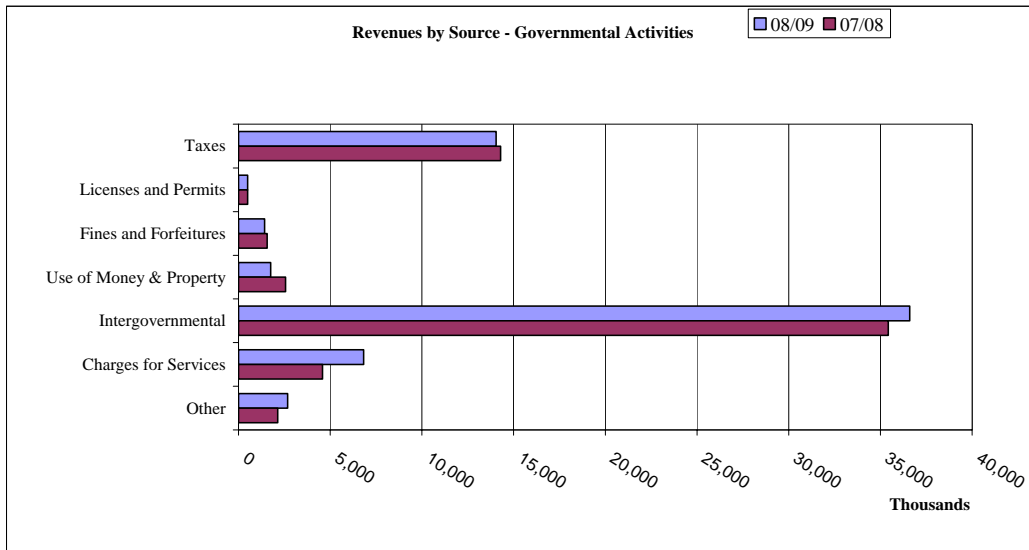
FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (continued)

The following table presents the amount of revenues from various sources as well as increases or decreases from the prior year.

Revenues Classified by Source
Governmental Funds

| Revenue by Source: | FY 2008/09 | | FY 2007/08 | | Increase (Decrease) | |
|-------------------------|----------------------|------------------|----------------------|------------------|---------------------|-------------------|
| | Amount | Percent of Total | Amount | Percent of Total | Amount | Percent of Change |
| | Taxes | \$ 14,045,176 | 22.01% | \$ 14,290,941 | 22.39% | \$ (245,765) |
| Licenses and Permits | 506,411 | 0.79% | 507,845 | 0.80% | (1,434) | -0.28% |
| Fines and Forfeitures | 1,424,829 | 2.23% | 1,564,094 | 2.45% | (139,265) | -8.90% |
| Use of Money & Property | 1,755,427 | 2.75% | 2,568,520 | 4.02% | (813,093) | -31.66% |
| Intergovernmental | 36,593,882 | 57.33% | 35,430,907 | 55.51% | 1,162,975 | 3.28% |
| Charges for Services | 6,823,864 | 10.69% | 4,579,759 | 7.18% | 2,244,105 | 49.00% |
| Other | 2,677,365 | 4.19% | 2,143,934 | 3.36% | 533,431 | 24.88% |
| Total | \$ 63,826,954 | 100.00% | \$ 61,086,000 | 100.00% | \$ 2,740,954 | 4.49% |

The following graph shows an illustrative picture of where the County funds come from.



COUNTY OF LASSEN

Management's Discussion and Analysis Required Supplementary Information

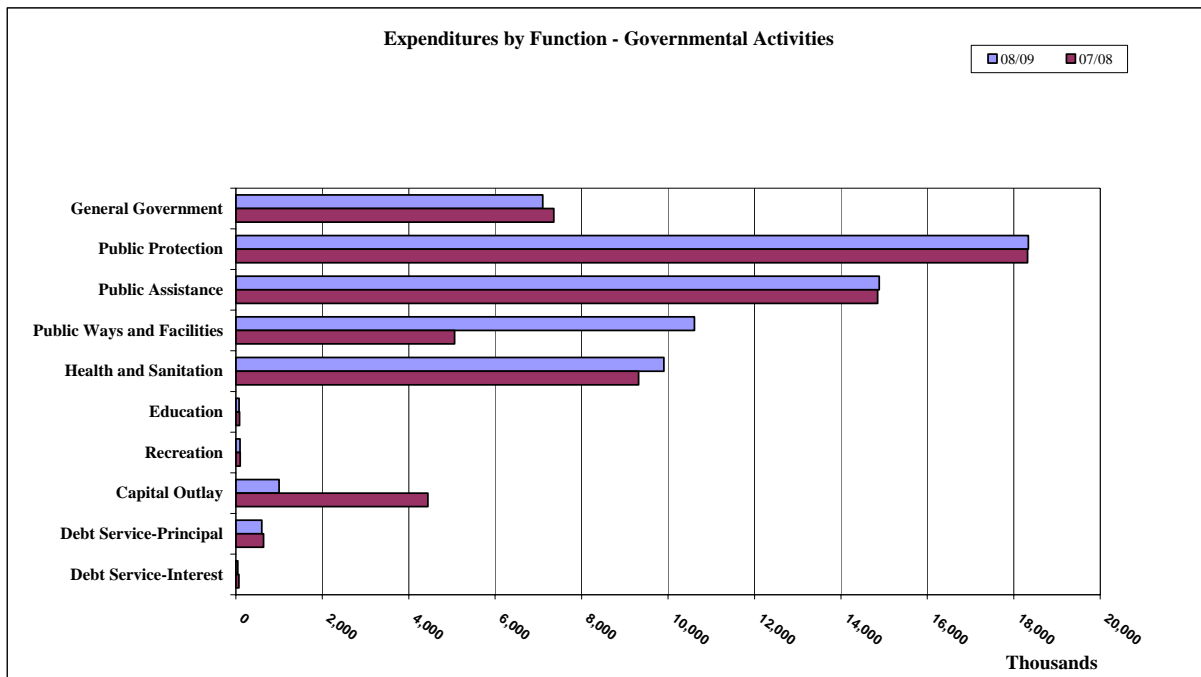
FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (continued)

The following table presents expenditures by function compared to prior year amounts.

Expenditures Classified by Function
Governmental Funds

| | FY 2008/09 | | FY 2007/08 | | Increase (Decrease) | |
|----------------------------|---------------------------|------------------|----------------------|------------------|---------------------|-------------------|
| | Amount | Percent of Total | Amount | Percent of Total | Amount | Percent of Change |
| | Expenditures by Function: | | | | | |
| General Government | \$ 7,101,047 | 11.33% | \$ 7,359,569 | 12.22% | \$ (258,522) | -3.51% |
| Public Protection | 18,335,895 | 29.27% | 18,315,190 | 30.40% | 20,705 | 0.11% |
| Public Assistance | 14,886,912 | 23.76% | 14,850,567 | 24.65% | 36,345 | 0.24% |
| Public Ways and Facilities | 10,609,243 | 16.93% | 5,063,494 | 8.40% | 5,545,749 | 109.52% |
| Health and Sanitation | 9,906,274 | 15.81% | 9,316,820 | 15.46% | 589,454 | 6.33% |
| Education | 76,107 | 0.12% | 87,485 | 0.15% | (11,378) | -13.01% |
| Recreation | 95,480 | 0.15% | 102,845 | 0.17% | (7,365) | -7.16% |
| Capital Outlay | 1,000,231 | 1.60% | 4,440,163 | 7.37% | (3,439,932) | -77.47% |
| Debt Service-Principal | 600,000 | 0.96% | 641,541 | 1.06% | (41,541) | -6.48% |
| Debt Service-Interest | 43,447 | 0.07% | 68,552 | 0.11% | (25,105) | -36.62% |
| Total | \$ 62,654,636 | 100.00% | \$ 60,246,226 | 100.00% | \$ 2,408,410 | 4.00% |

The following graph shows an illustrative picture of how County funds were spent.



COUNTY OF LASSEN

Management's Discussion and Analysis
Required Supplementary Information

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (continued)

Other financing sources and uses are presented below to illustrate changes from the prior year.

| | FY 2008/09 | FY 2007/08 | Increase (Decrease) | |
|--------------------------------------|------------------|------------------|---------------------|----------------|
| | | | Amount | Percent |
| Proceeds from sale of capital assets | \$ 17,600 | \$ -- | \$ 17,600 | 0.00% |
| Transfers in | 16,027,696 | 14,090,442 | 1,937,254 | 13.75% |
| Transfers out | (15,997,964) | (14,075,442) | (1,922,522) | 13.66% |
| Net financing sources(uses) | <u>\$ 47,332</u> | <u>\$ 15,000</u> | <u>\$ 32,332</u> | <u>215.55%</u> |

Proceeds from sale of capital assets are the result of sale transactions involving property that was not needed for public use by the County.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Enterprise funds report the business-type activities of the County. Enterprise funds are used to account for County Service Area #1 (Honey Lake TV), county business parks, county water systems operations.

Net Change in Fund Balance
Enterprise Funds

| | FY 2008/09 | FY 2007/08 | Increases (Decreases) | |
|----------------------------------|---------------------|---------------------|-----------------------|----------------|
| | | | Amount | Percent |
| Total Net Assets - Beginning | \$ 1,229,188 | \$ 1,281,568 | \$ (52,380) | -4.09% |
| Revenues | 79,279 | 51,839 | 27,440 | 52.93% |
| Expenditures | (118,531) | (124,578) | 6,047 | -4.85% |
| Operating Income(Loss) | <u>(39,252)</u> | <u>(72,739)</u> | <u>33,487</u> | <u>-46.04%</u> |
| Non-Operating Revenues(Expenses) | 6,883 | 35,359 | (28,476) | -80.53% |
| Capital Contributions | | | -- | |
| Transfers In/Out | <u>(29,732)</u> | <u>(15,000)</u> | <u>(14,732)</u> | <u>98.21%</u> |
| Change in Net Assets | <u>(62,101)</u> | <u>(52,380)</u> | <u>(9,721)</u> | <u>18.56%</u> |
| Net Assets - Ending of Year | <u>\$ 1,167,087</u> | <u>\$ 1,229,188</u> | <u>\$ (62,101)</u> | <u>-5.05%</u> |

COUNTY OF LASSEN

Management's Discussion and Analysis
Required Supplementary Information

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (continued)

The net assets of the enterprise funds decreased \$(62,101). Operating revenues increased 53% while operating expenses increased by (5%).

Internal service funds are an accounting device to accumulate and allocate costs internally among the County's various functions. Internal service funds are used to account for information technology services, vehicle maintenance and other services provided to departments and other county agencies.

Net Change in Fund Balance
Internal Service Funds

| | FY 2007/08 | FY 2006/07 | Increases (Decreases) | |
|----------------------------------|--------------|-------------|-----------------------|-----------|
| | | | Amount | Percent |
| Total Net Assets - Beginning | \$ 914,700 | \$ 888,108 | \$ 26,592 | 2.99% |
| Revenues | 1,162,985 | 1,022,397 | 140,588 | 13.75% |
| Expenditures | (1,033,438) | (1,033,708) | 270 | -0.03% |
| Operating Income(Loss) | 129,547 | (11,311) | 140,858 | -1245.32% |
| Non-Operating Revenues(Expenses) | 26,664 | 37,903 | (11,239) | -29.65% |
| Transfers In/Out | -- | -- | -- | 0.00% |
| Change in Net Assets | 156,211 | 26,592 | 129,619 | 487.44% |
| Net Assets - Ending of Year | \$ 1,070,911 | \$ 914,700 | \$ 156,211 | 17.08% |

Unrestricted net assets of the internal service funds at June 30, 2009 were \$625,934. Investments in capital assets, net of related debt were \$444,977.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year the Board of Supervisors revised the County's budget many times. Each time a grant or specific revenue enhancement is made available to a County program that requires new appropriations, a budget amendment is required.

The mid-year review is a formal process by which each department is analyzed for expense and revenue trends. Adjustments are recommended where indicated and monitored for the remainder of the year. Unless there is some unforeseen and unusual circumstance that causes a budget overrun, a draw on the Contingency Reserve is not recommended.

COUNTY OF LASSEN

Management's Discussion and Analysis
Required Supplementary Information

GENERAL FUND BUDGETARY HIGHLIGHTS (continued)

Differences between the General Fund original budget and the final amended budget resulted in a \$600 increase in appropriations.

Even with these adjustments, actual expenditures were \$1,625,190 below final budgeted appropriation amounts. Resources available for appropriation were \$35,559 above final budgeted resource amounts. It should be noted that an increase in other revenue includes Deposits with Other in the amount of \$1,609,259.

Differences between the original budget and the final amended budget are summarized in the table below:

| | Original Budget | Final Budget | Variance | |
|--------------------------------|-----------------------|-----------------------|-----------------|--------------|
| | | | Amount | Percent |
| Total Revenues | \$ 17,140,101 | \$ 17,140,101 | \$ -- | 0.00% |
| Total Expenditures | (9,931,234) | (9,931,834) | (600) | 0.01% |
| Other Financing Sources (Uses) | <u>(9,644,951)</u> | <u>(9,644,951)</u> | <u>--</u> | <u>0.00%</u> |
| Net Changes in Fund Balances | <u>\$ (2,436,084)</u> | <u>\$ (2,436,684)</u> | <u>\$ (600)</u> | <u>0.02%</u> |

Differences between the final amended budget and actual amounts are summarized in the table below:

| | Final Budget | Actual | Variance | |
|--------------------------------|-----------------------|--------------------|---------------------|-----------------|
| | | | Amount | Percent |
| Total Revenues | \$ 17,140,101 | \$ 17,612,478 | \$ 472,377 | 2.76% |
| Total Expenditures | (9,931,834) | (8,306,644) | 1,625,190 | -16.36% |
| Other Financing Sources (Uses) | <u>(9,644,951)</u> | <u>(9,120,476)</u> | <u>524,475</u> | <u>-5.44%</u> |
| Net Changes in Fund Balances | <u>\$ (2,436,684)</u> | <u>\$ 185,358</u> | <u>\$ 2,622,042</u> | <u>-107.61%</u> |

CAPITAL ASSETS

The County's total investment in capital assets as of June 30, 2009, amounted to \$49,899,483 net of accumulated depreciation. This investment in a broad range of capital assets includes land, infrastructure (roads and bridges), structures and improvements, and equipment.

COUNTY OF LASSEN

Management's Discussion and Analysis Required Supplementary Information

CAPITAL ASSETS (continued)

The following table shows the County's total investment in capital assets for governmental and proprietary funds.

Capital Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | June 30, 2009 | June 30, 2008 | June 30, 2009 | June 30, 2008 | 2009 | 2008 |
| Land | \$ 3,619,980 | \$ 3,444,198 | \$ 342,519 | \$ 342,519 | \$ 3,962,499 | \$ 3,786,717 |
| Structures & Improvements | 24,787,245 | 23,209,679 | 800,614 | 800,614 | 25,587,859 | 24,010,293 |
| Equipment | 12,176,246 | 11,541,448 | 209,858 | 201,633 | 12,386,104 | 11,743,081 |
| Infrastructure | 37,369,850 | 30,508,241 | -- | -- | 37,369,850 | 30,508,241 |
| Construction In Progress | 10,211,753 | 8,713,369 | -- | -- | 10,211,753 | 8,713,369 |
| Total | 88,165,074 | 77,416,935 | 1,352,991 | 1,344,766 | 89,518,065 | 78,761,701 |
| Accumulated Depreciation | (39,261,669) | (36,162,569) | (356,913) | (322,993) | (39,618,582) | (36,485,562) |
| Net Capital Assets | <u>\$ 48,903,405</u> | <u>\$ 41,254,366</u> | <u>\$ 996,078</u> | <u>\$ 1,021,773</u> | <u>\$ 49,899,483</u> | <u>\$ 42,276,139</u> |

Components of the change in net capital assets for governmental activities are as follows:

| | Additions | Transfers | Retirements (net) | Prior Year Adjustments | Current Year Depreciation & PY Depr. Adj. | Net Change |
|---------------------------|---------------------|-------------------|---------------------|---------------------------|--|---------------------|
| Land | \$ -- | \$ 189,160 | \$ (13,378) | \$ -- | \$ -- | \$ 175,782 |
| Construction in progress | 2,512,884 | (1,014,500) | -- | -- | -- | 1,498,384 |
| Infrastructure | 5,923,918 | 937,691 | -- | -- | (1,759,878) | 5,101,731 |
| Structures & Improvements | 561,927 | 1,015,638 | -- | -- | (915,064) | 662,501 |
| Equipment | 938,907 | 20,480 | (324,589) | -- | (424,158) | 210,640 |
| Totals | <u>\$ 9,937,636</u> | <u>\$ 959,309</u> | <u>\$ (324,589)</u> | <u>\$ --</u> | <u>\$ (3,099,100)</u> | <u>\$ 7,473,256</u> |

The most significant additions to governmental capital assets are overlays of County roads, continuing work on the Skyline East road, bridge improvements, and various County park projects.

DEBT ADMINISTRATION

At June 30, 2009 the County had total long-term liabilities outstanding of \$3,533,714 as compared to \$3,036,130 in the prior year. During the year, retirement of debt amounted to \$600,000. Additions and adjustments to long-term liabilities amounted to an increase of \$497,584. Additions are attributed to an increase in liability for compensated absences, an increase in the liability for post-employment benefits, and an increase in worker's compensation insurance claims liability.

COUNTY OF LASSEN

Management's Discussion and Analysis Required Supplementary Information

DEBT ADMINISTRATION (continued)

The following table shows the composition of the County's total outstanding debt for governmental and proprietary funds.

Long-Term Debt

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|-------------------|--------------------------|---------------|---------------|-------------------|
| | June 30, 2009 | June 30, 2008 | June 30, 2009 | June 30, 2008 | June 30, 2009 | June 30, 2008 |
| Refunding Certificates of Participation (1998) | \$ 625,000 | \$ 1,225,000 | \$ -- | \$ -- | \$ 625,000 | \$ 1,225,000 |
| Total | 625,000 | 1,225,000 | -- | -- | 625,000 | 1,225,000 |
| Less Current Portion | (625,000) | (600,000) | -- | -- | (625,000) | (600,000) |
| Net Long-Term Debt | <u>\$ --</u> | <u>\$ 625,000</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ 625,000</u> |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The State's fiscal crisis remains a major factor in determining how the County budget will be developed in 2009/2010 and beyond. The State's practice of eliminating, delaying, and deferring local government revenue has created an environment in which meaningful planning is almost impossible. Despite the protections afforded local governments by Proposition 1A the State continues its raid of local government resources. In 2009/2010 the State will suspend Proposition 1A which will result in the State borrowing eight-percent (8%) of local agencies' property taxes.

The State adopted a budget that included significant decreases in funding for many local programs, especially in the area of health and human services. Additional reductions are anticipated for mid-year based on new releases from the governor's office. Any additional reductions will most certainly impact the County's ability to maintain the current levels of service in the future.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Lassen County Auditor's Office at 221 South Roop Street, Susanville California 96130.

**BASIC FINANCIAL STATEMENTS –
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

COUNTY OF LASSEN

Statement of Net Assets

June 30, 2009

| <u>ASSETS</u> | Primary Government | | |
|---|----------------------------|-----------------------------|---------------|
| | Governmental Activities | Business-Type Activities | Totals |
| Cash and investments | \$ 31,579,501 | \$ 256,009 | \$ 31,835,510 |
| Cash with fiscal agent | 604,615 | -- | 604,615 |
| Due from other governmental entities | 6,708,815 | -- | 6,708,815 |
| Internal balances | 85,000 | (85,000) | -- |
| Deposits with others | 2,511,931 | -- | 2,511,931 |
| Prepaid expenses | 109,236 | -- | 109,236 |
| Inventories | 687,537 | -- | 687,537 |
| Long term receivables, net of allowances | 644,773 | -- | 644,773 |
| Capital assets: | | | |
| Nondepreciable | 13,831,733 | 342,519 | 14,174,252 |
| Depreciable, net | 35,071,672 | 653,559 | 35,725,231 |
| Total Assets | \$ 91,834,813 | \$ 1,167,087 | \$ 93,001,900 |
| <u>LIABILITIES</u> | | | |
| Accounts payable | \$ 187,984 | \$ -- | \$ 187,984 |
| Salaries and benefits payable | 1,265,889 | -- | 1,265,889 |
| Due to other governmental entities | 1,511,401 | -- | 1,511,401 |
| Interest payable | 4,531 | -- | 4,531 |
| Unearned revenue | 1,182,979 | -- | 1,182,979 |
| Long-Term Liabilities: | | | |
| Portion due or payable within one year: | | | |
| Liability for compensated absences | 643,953 | -- | 643,953 |
| Certificates of participation | 625,000 | -- | 625,000 |
| Portion due or payable after one year: | | | |
| Liability for compensated absences | 643,953 | -- | 643,953 |
| Claims liability | 1,261,284 | -- | 1,261,284 |
| Liability for other post-employment benefits | 359,524 | -- | 359,524 |
| Total Liabilities | 7,686,498 | -- | 7,686,498 |
| <u>NET ASSETS</u> | | | |
| Investment in capital assets, net of related debt | 48,278,405 | 996,078 | 49,274,483 |
| Restricted for: | | | |
| Public Safety | 947,705 | -- | 947,705 |
| Health & Public Assistance | 7,852,810 | -- | 7,852,810 |
| Community Resources & Facilities | 8,099,808 | -- | 8,099,808 |
| General Government & Support Services | 626,363 | -- | 626,363 |
| Criminal Justice and Courthouse Construction | 1,964,404 | -- | 1,964,404 |
| Debt service | 711,018 | -- | 711,018 |
| Unrestricted | 15,667,802 | 171,009 | 15,838,811 |
| Total Net Assets | 84,148,315 | 1,167,087 | 85,315,402 |
| Total Liabilities and Net Assets | \$ 91,834,813 | \$ 1,167,087 | \$ 93,001,900 |

The accompanying notes are an integral part of these financial statements.

COUNTY OF LASSEN

Statement of Activities
For the Year Ended June 30, 2009

| Functions/Programs | Expenses | Program Revenues | | |
|-------------------------------------|----------------------|--------------------------------------|------------------------------------|----------------------------------|
| | | Fees, Fines and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General government | \$ 8,503,575 | \$ 1,285,779 | \$ 2,907,427 | \$ 460,609 |
| Public protection | 17,857,548 | 4,776,737 | 5,127,374 | -- |
| Public ways and facilities | 3,886,859 | 52,344 | 12,015,029 | -- |
| Health and sanitation | 9,760,520 | 1,130,204 | 6,126,541 | -- |
| Public assistance | 14,600,484 | 2,804 | 11,781,962 | -- |
| Education | 85,556 | -- | -- | -- |
| Recreation and culture | 95,424 | -- | 69,936 | -- |
| Debt service: | | | | |
| Interest | 39,147 | -- | -- | -- |
| Total Governmental Activities | 54,829,113 | 7,247,868 | 38,028,269 | 460,609 |
| Business-Type Activities: | | | | |
| County Service Area (Honey Lake TV) | 80,170 | 49,807 | -- | -- |
| County Business Park | 31,756 | 28,346 | -- | -- |
| County Water System | 6,605 | 1,126 | -- | -- |
| Total Lassen County | <u>\$ 54,947,644</u> | <u>\$ 7,327,147</u> | <u>\$ 38,028,269</u> | <u>\$ --</u> |

General Revenues:

Taxes:

- Property taxes
- Sales and use taxes
- Other

Miscellaneous

Unrestricted interest and investment earnings

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net assets - July 1, restated

Net assets - June 30

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and
Changes in Net Assets

| Primary Government | | |
|----------------------------|-----------------------------|----------------|
| Governmental Activities | Business-Type Activities | Total |
| \$ (3,849,760) | \$ -- | \$ (3,849,760) |
| (7,953,437) | -- | (7,953,437) |
| 8,180,514 | -- | 8,180,514 |
| (2,503,775) | -- | (2,503,775) |
| (2,815,718) | -- | (2,815,718) |
| (85,556) | -- | (85,556) |
| (25,488) | -- | (25,488) |
| (39,147) | -- | (39,147) |
| (9,092,367) | -- | (9,092,367) |
| | (30,363) | (30,363) |
| | (3,410) | (3,410) |
| | (5,479) | (5,479) |
| (9,092,367) | (39,252) | (9,131,619) |
| 8,743,583 | -- | 8,743,583 |
| 5,183,542 | -- | 5,183,542 |
| 118,051 | -- | 118,051 |
| 2,677,365 | -- | 2,677,365 |
| 1,776,454 | 6,883 | 1,783,337 |
| 29,732 | (29,732) | -- |
| 18,528,727 | (22,849) | 18,505,878 |
| 9,436,360 | (62,101) | 9,374,259 |
| 74,711,955 | 1,229,188 | 75,941,143 |
| \$ 84,148,315 | \$ 1,167,087 | \$ 85,315,402 |

**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**

COUNTY OF LASSEN

Balance Sheet
Governmental Funds
June 30, 2009

| | General | Road Fund | Health and Human Services | Welfare |
|--------------------------------------|--------------|--------------|---------------------------------|--------------|
| <u>Assets</u> | | | | |
| Cash and investments | \$ 6,295,988 | \$ 6,193,533 | \$ 2,515,119 | \$ 931,082 |
| Cash with fiscal agent | -- | -- | -- | -- |
| Deposits with others | 2,369,977 | -- | -- | -- |
| Due from other governmental entities | 150,253 | 1,230,102 | 1,944,063 | 1,492,184 |
| Due from other funds | 77,385 | -- | -- | -- |
| Advances to other funds | 350,000 | -- | -- | -- |
| Prepaid expenses | -- | -- | -- | -- |
| Inventory | -- | 687,537 | -- | -- |
| Long term receivables | 69,341 | -- | -- | -- |
| Total Assets | \$ 9,312,944 | \$ 8,111,172 | \$ 4,459,182 | \$ 2,423,266 |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$ 37,135 | \$ 28,307 | \$ 42,729 | \$ 7,250 |
| Accrued salaries | 243,792 | 107,098 | 228,765 | 139,878 |
| Due to other governmental entities | -- | -- | 1,423,529 | -- |
| Due to other funds | 56,029 | -- | -- | -- |
| Advances from other funds | -- | -- | -- | -- |
| Deferred revenue | 607,547 | 428,757 | 1,289,783 | 1,068,583 |
| Total Liabilities | 944,503 | 564,162 | 2,984,806 | 1,215,711 |
| <u>Fund Balances</u> | | | | |
| Reserved for: | | | | |
| Advances and deposits | 350,000 | -- | -- | -- |
| Prepaid expenses | -- | -- | -- | -- |
| Self insurance | 2,369,977 | -- | -- | -- |
| Inventory | -- | 687,537 | -- | -- |
| Unreserved, reported in: | | | | |
| General fund: | | | | |
| Designated | 4,163,283 | -- | -- | -- |
| Undesignated | 1,485,181 | -- | -- | -- |
| Special revenue funds: | | | | |
| Designated | -- | 39,250 | 82,048 | -- |
| Undesignated | -- | 6,820,223 | 1,392,328 | 1,207,555 |
| Debt service funds: | | | | |
| Undesignated | -- | -- | -- | -- |
| Capital project funds: | | | | |
| Designated | -- | -- | -- | -- |
| Undesignated | -- | -- | -- | -- |
| Total Fund Balances | 8,368,441 | 7,547,010 | 1,474,376 | 1,207,555 |
| Total Liabilities and Fund Balances | \$ 9,312,944 | \$ 8,111,172 | \$ 4,459,182 | \$ 2,423,266 |

The accompanying notes are an integral part of these financial statements.

| Public Safety | Community Development | Other Governmental Funds | Total |
|---------------------|-----------------------|--------------------------|----------------------|
| \$ 893,489 | \$ 1,038,663 | \$ 13,053,458 | \$ 30,921,332 |
| -- | -- | 604,615 | 604,615 |
| -- | -- | 141,954 | 2,511,931 |
| 1,007,495 | 451,525 | 433,193 | 6,708,815 |
| -- | -- | 66,631 | 144,016 |
| -- | -- | 350,000 | 700,000 |
| -- | -- | 109,236 | 109,236 |
| -- | -- | -- | 687,537 |
| -- | 575,432 | -- | 644,773 |
| <u>\$ 1,900,984</u> | <u>\$ 2,065,620</u> | <u>\$ 14,759,087</u> | <u>\$ 43,032,255</u> |
| \$ 53,291 | \$ -- | \$ -- | \$ 168,712 |
| 340,943 | 10,109 | 182,341 | 1,252,926 |
| 75,674 | -- | 12,198 | 1,511,401 |
| 10,602 | -- | 77,385 | 144,016 |
| -- | -- | 615,000 | 615,000 |
| -- | 1,026,957 | 29,879 | 4,451,506 |
| <u>480,510</u> | <u>1,037,066</u> | <u>916,803</u> | <u>8,143,561</u> |
| -- | -- | 491,954 | 841,954 |
| -- | -- | 109,236 | 109,236 |
| -- | -- | -- | 2,369,977 |
| -- | -- | -- | 687,537 |
| -- | -- | -- | 4,163,283 |
| -- | -- | -- | 1,485,181 |
| 1,374,936 | 1,028,554 | 9,591,768 | 12,116,556 |
| 45,538 | -- | (9,284) | 9,456,360 |
| -- | -- | 711,018 | 711,018 |
| -- | -- | 3,511,305 | 3,511,305 |
| -- | -- | (563,713) | (563,713) |
| <u>1,420,474</u> | <u>1,028,554</u> | <u>13,842,284</u> | <u>34,888,694</u> |
| <u>\$ 1,900,984</u> | <u>\$ 2,065,620</u> | <u>\$ 14,759,087</u> | <u>\$ 43,032,255</u> |

COUNTY OF LASSEN

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets - Governmental Activities
June 30, 2009

| | |
|--|----------------------|
| Fund Balance - total governmental funds (page 20) | \$ 34,888,694 |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Deferred revenue in governmental activities are not financial resources and, therefore, are not reported in governmental funds. | 3,268,527 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | 48,458,428 |
| Internal service funds are used by the County to charge the cost of fleet services and telephone services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are: | 1,070,911 |
| Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds. | (4,531) |
| Long-term liabilities, including certificates of participation, are not due and payable in the current period, and therefore are not reported in the governmental funds. | |
| Certificates of participation | (625,000) |
| Compensated absences | (1,287,906) |
| Other post employment benefits | (359,524) |
| Claims liability | <u>(1,261,284)</u> |
| Net assets of governmental activities (page 18) | <u>\$ 84,148,315</u> |

The accompanying notes are an integral part of these financial statements.

COUNTY OF LASSEN

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

| | General | Road Fund | Health and Human Services | Welfare |
|--|---------------------|---------------------|---------------------------------|---------------------|
| Revenues: | | | | |
| Taxes | \$ 9,290,395 | \$ -- | \$ -- | \$ -- |
| Licenses and permits | 405,964 | 14,204 | 3,519 | -- |
| Intergovernmental | 3,407,130 | 11,546,218 | 4,256,742 | 10,208,173 |
| Charges for services | 2,454,801 | 38,140 | 1,002,294 | 320 |
| Fines and forfeitures | 171,922 | -- | 24,277 | -- |
| Use of money and property | 273,007 | 153,501 | 70,182 | 38,148 |
| Other | 1,609,259 | 68,431 | 56,133 | 235,823 |
| Total Revenues | <u>17,612,478</u> | <u>11,820,494</u> | <u>5,413,147</u> | <u>10,482,464</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 6,117,402 | -- | -- | -- |
| Public protection | 2,082,392 | -- | 206,688 | -- |
| Public ways and facilities | -- | 10,581,565 | -- | -- |
| Health and sanitation | -- | -- | 7,887,294 | -- |
| Public assistance | 1,525 | -- | 746,113 | 13,229,956 |
| Education | 76,107 | -- | -- | -- |
| Recreation and culture | 29,218 | -- | -- | -- |
| Debt Service: | | | | |
| Principal | -- | -- | -- | -- |
| Interest | -- | -- | -- | -- |
| Capital outlay | -- | -- | -- | -- |
| Total Expenditures | <u>8,306,644</u> | <u>10,581,565</u> | <u>8,840,095</u> | <u>13,229,956</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>9,305,834</u> | <u>1,238,929</u> | <u>(3,426,948)</u> | <u>(2,747,492)</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 255,039 | -- | 2,713,361 | 2,826,593 |
| Transfers out | (9,375,515) | -- | -- | -- |
| Sale of capital assets | -- | 17,600 | -- | -- |
| Total Other Financing Sources (Uses) | <u>(9,120,476)</u> | <u>17,600</u> | <u>2,713,361</u> | <u>2,826,593</u> |
| Net change in fund balances | 185,358 | 1,256,529 | (713,587) | 79,101 |
| Fund Balances, Beginning of Year, restated | <u>8,183,083</u> | <u>6,290,481</u> | <u>2,187,963</u> | <u>1,128,454</u> |
| Fund Balances, End of Year | <u>\$ 8,368,441</u> | <u>\$ 7,547,010</u> | <u>\$ 1,474,376</u> | <u>\$ 1,207,555</u> |

The accompanying notes are an integral part of these financial statements.

| Public Safety | Community Development | Other Governmental Funds | Total |
|---------------------|--------------------------|--------------------------------|----------------------|
| \$ 1,374,375 | \$ -- | \$ 3,380,406 | \$ 14,045,176 |
| 6,819 | -- | 75,905 | 506,411 |
| 2,368,037 | 179,287 | 4,628,295 | 36,593,882 |
| 2,741,429 | 2,484 | 584,396 | 6,823,864 |
| 83,780 | -- | 1,144,850 | 1,424,829 |
| 32,832 | 44,364 | 1,143,393 | 1,755,427 |
| 12,943 | -- | 694,776 | 2,677,365 |
| <u>6,620,215</u> | <u>226,135</u> | <u>11,652,021</u> | <u>63,826,954</u> |
| -- | -- | 983,645 | 7,101,047 |
| 11,487,574 | -- | 4,559,241 | 18,335,895 |
| -- | -- | 27,678 | 10,609,243 |
| -- | -- | 2,018,980 | 9,906,274 |
| -- | 909,318 | -- | 14,886,912 |
| -- | -- | -- | 76,107 |
| -- | -- | 66,262 | 95,480 |
| -- | -- | 600,000 | 600,000 |
| -- | -- | 43,447 | 43,447 |
| -- | -- | 1,000,231 | 1,000,231 |
| <u>11,487,574</u> | <u>909,318</u> | <u>9,299,484</u> | <u>62,654,636</u> |
| <u>(4,867,359)</u> | <u>(683,183)</u> | <u>2,352,537</u> | <u>1,172,318</u> |
| 5,197,743 | 38,732 | 4,996,228 | 16,027,696 |
| (4,027) | -- | (6,618,422) | (15,997,964) |
| -- | -- | -- | 17,600 |
| <u>5,193,716</u> | <u>38,732</u> | <u>(1,622,194)</u> | <u>47,332</u> |
| 326,357 | (644,451) | 730,343 | 1,219,650 |
| <u>1,094,117</u> | <u>1,673,005</u> | <u>13,111,941</u> | <u>33,669,044</u> |
| <u>\$ 1,420,474</u> | <u>\$ 1,028,554</u> | <u>\$ 13,842,284</u> | <u>\$ 34,888,694</u> |

COUNTY OF LASSEN

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2009

Net change to fund balance - total governmental funds (page 22) \$ 1,219,650

Amounts reported for governmental activities in the
statement of activities are different because:

Governmental funds report capital outlay as expenditures. However,
in the statement of activities, the cost of those assets is allocated
over their estimated useful lives and reported as depreciation
expense.

| | | |
|---|--------------------|-----------|
| Expenditures for general capital assets, infrastructure, and other related capital assets adjustments | 9,637,593 | |
| Less: current year depreciation | <u>(2,978,806)</u> | |
| | | 6,658,787 |

| | | |
|---|--|-----------|
| Governmental fund revenues deferred at year end due to unavailability, and therefore, deferred under the modified accrual method of accounting, were recognized as revenue on the full accrual method of accounting | | 2,424,461 |
|---|--|-----------|

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

| | | |
|--|--|---------|
| Principal repayments: Certificates of participation | | 600,000 |
|--|--|---------|

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

| | | |
|--|--|-----------|
| Change in compensated absences | | (88,016) |
| Change in accrued interest payable | | 4,300 |
| Change in other post employment benefits | | (359,524) |
| Change in claims liabilities | | (650,044) |

| | | |
|--|--|----------------|
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities of the internal service funds is reported with governmental activities. | | <u>156,211</u> |
|--|--|----------------|

| | | |
|---|--|----------------------------|
| Change in net assets of governmental activities (page 19) | | <u><u>\$ 9,965,825</u></u> |
|---|--|----------------------------|

The accompanying notes are an integral part of these financial statements.

COUNTY OF LASSEN

Statement of Fund Net Assets
Proprietary Funds
June 30, 2009

| | Business-Type Activities - Enterprise Funds | Governmental Activities |
|---|---|------------------------------|
| <u>ASSETS</u> | Nonmajor Funds | Internal Service Funds |
| Current assets: | | |
| Cash and investments | \$ 256,009 | \$ 658,169 |
| Total current assets | 256,009 | 658,169 |
| Noncurrent assets: | | |
| Capital assets: | | |
| Nondepreciable | 342,519 | -- |
| Depreciable, net | 653,559 | 444,977 |
| Total noncurrent assets | 996,078 | 444,977 |
| Total Assets | \$ 1,252,087 | \$ 1,103,146 |
| <u>LIABILITIES</u> | | |
| Current liabilities: | | |
| Accounts payable | \$ -- | \$ 19,272 |
| Salaries and benefits payable | -- | 12,963 |
| Noncurrent liabilities: | | |
| Advances from other funds | 85,000 | -- |
| Total Liabilities | 85,000 | 32,235 |
| <u>NET ASSETS</u> | | |
| Investment in capital assets, net of related debt | 996,078 | 444,977 |
| Unrestricted | 171,009 | 625,934 |
| Total Net Assets | 1,167,087 | 1,070,911 |
| Total Liabilities and Net Assets | \$ 1,252,087 | \$ 1,103,146 |

The accompanying notes are an integral part of these financial statements.

COUNTY OF LASSEN

Statement of Revenues, Expenses and
Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

| | <u>Business-Type Activities - Enterprise Funds</u> | <u>Governmental Activities</u> |
|--|--|---------------------------------------|
| | <u>Nonmajor Funds</u> | <u>Internal Service Funds</u> |
| Operating Revenues: | | |
| Charges for services | \$ 50,933 | \$ 1,162,526 |
| Miscellaneous | 28,346 | 459 |
| Total Operating Revenues | <u>79,279</u> | <u>1,162,985</u> |
| Operating Expenses: | | |
| Salaries and benefits | -- | 285,546 |
| Services and supplies | 84,611 | 598,903 |
| Depreciation | 33,920 | 148,989 |
| Total Operating Expenses | <u>118,531</u> | <u>1,033,438</u> |
| Operating Income (Loss) | <u>(39,252)</u> | <u>129,547</u> |
| Non-Operating Revenue (Expenses): | | |
| Interest income | 6,883 | 21,027 |
| Gain/(loss) on disposal of assets | -- | 5,637 |
| Total Non-Operating Revenue | <u>6,883</u> | <u>26,664</u> |
| Net Income (Loss) Before Transfers | (32,369) | 156,211 |
| Transfers out | <u>(29,732)</u> | <u>--</u> |
| Change in Net Assets | (62,101) | 156,211 |
| Net Assets - Beginning of Year | <u>1,229,188</u> | <u>914,700</u> |
| Net Assets - End of Year | <u>\$ 1,167,087</u> | <u>\$ 1,070,911</u> |

The accompanying notes are an integral part of these financial statements.

COUNTY OF LASSEN

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

| | Business-Type Activities - Enterprise Funds | Governmental Activities |
|--|---|------------------------------|
| | Nonmajor Funds | Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash receipts from customers | \$ 79,279 | \$ -- |
| Cash receipts from interfund services provided | -- | 1,162,985 |
| Cash paid to suppliers for goods and services | (84,611) | (586,793) |
| Cash paid to employees for services | -- | (282,841) |
| | (5,332) | 293,351 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | |
| Transfers in (out) | (29,732) | -- |
| | (29,732) | -- |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Payments related to the acquisition of capital assets | (8,226) | (286,666) |
| Proceeds from sale of capital assets | -- | 5,637 |
| | (8,226) | (281,029) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 6,884 | 21,027 |
| | 6,884 | 21,027 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (36,406) | 33,349 |
| Cash and Cash Equivalents, Beginning of Year | 292,415 | 624,820 |
| Cash and Cash Equivalents, End of Year | \$ 256,009 | \$ 658,169 |

The accompanying notes are an integral part of these financial statements.

continued

COUNTY OF LASSEN

Statement of Cash Flows (continued)
 Proprietary Funds
 For the Year Ended June 30, 2009

| | Business-Type Activities - Enterprise Funds | Governmental Activities |
|---|---|------------------------------|
| | Nonmajor Funds | Internal Service Funds |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | |
| Operating income (loss) | \$ (39,252) | \$ 129,547 |
| Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities: | | |
| Depreciation | 33,920 | 148,989 |
| Changes in Assets and Liabilities: | | |
| Increase (decrease) in: | | |
| Accounts payable | -- | 12,110 |
| Accrued salaries | -- | 2,705 |
| | <u>\$ (5,332)</u> | <u>\$ 293,351</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ (5,332)</u> | <u>\$ 293,351</u> |

The accompanying notes are an integral part of these financial statements.

COUNTY OF LASSEN

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

| | <u>Investment Trust</u> | <u>Agency Funds</u> |
|--|-----------------------------|-------------------------|
| <u>Assets</u> | | |
| Current Assets: | | |
| Cash and investments | \$ 21,264,143 | \$ 8,831,024 |
| Taxes receivable | -- | 3,050,370 |
| | <u>21,264,143</u> | <u>11,881,394</u> |
| Total Assets | | |
| <u>Liabilities</u> | | |
| Current Liabilities: | | |
| Agency obligations | -- | 11,881,394 |
| | <u>--</u> | <u>11,881,394</u> |
| Total Liabilities | | |
| <u>Net Assets</u> | | |
| Net assets held in trust for investment pool participants | <u>\$ 21,264,143</u> | <u>\$ --</u> |

The accompanying notes are an integral part of these financial statements.

COUNTY OF LASSEN

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2009

| | <u>Investment Trust</u> |
|--|-----------------------------|
| ADDITIONS | |
| Contributions | \$ 51,472,430 |
| Revenue from use of money and property | <u>696,543</u> |
| Total Additions | <u>52,168,973</u> |
| DEDUCTIONS | |
| Distributions from pooled investment | <u>51,984,311</u> |
| Total Deductions | <u>51,984,311</u> |
| Net increase (decrease) in net assets | 184,662 |
| Net Assets - Beginning of Year | <u>21,079,481</u> |
| Net Assets - End of Year | <u>\$ 21,264,143</u> |

The accompanying notes are an integral part of these financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provided in the financial section of this report are considered an integral and essential part of adequate disclosure and fair presentation of this report. The notes include a summary of significant accounting policies for the County, and other necessary disclosure of pertinent matters relating to the financial position of the County. The notes express significant insight to the financial statements and are conjunctive to understanding the rationale for presentation of the financial statements and information contained in this document.

COUNTY OF LASSEN

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 1: **Summary of Significant Accounting Policies**

This summary of significant accounting policies of the County of Lassen (the County) is presented to assist in understanding the County's financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

A. **Reporting Entity**

The accounting methods and procedures adopted by the County conform to generally accepted accounting principles as applied to governmental entities. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable under the criteria set by Governmental Auditing Standards Board (GASB) Statement No. 14.

Reporting for component units on the County's financial statements can be blended or discretely presented. Blended component units, although legally separate entities, are in substance, part of the government's operations. Blended component units are an extension of the County and so data from these units are combined with the data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the County. Each component unit has a June 30th year end.

Blended Component Units: The Bieber Lighting District, Lassen-Modoc Flood Control District, and County Service Area #1 are districts governed by the County Board of Supervisors. The component units governing body is substantially the same as the primary government; hence, these units are presented by blending them with the primary government.

Discretely Presented Component Units: There are no component units of the County which meet the criteria for discrete presentation.

B. **New Accounting Pronouncements**

Governmental Accounting Standards Board Statement No. 45

For the fiscal year ended June 30, 2009, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* This statement is effective for the County for fiscal periods beginning after December 15, 2007.

COUNTY OF LASSEN

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

B. New Accounting Pronouncements (continued)

Governmental Accounting Standards Board Statement No. 45 (continued)

This statement requires that governments account for, and report, the annual cost of other postemployment benefits (OPEB) and the outstanding obligation and commitments related to OPEB in the same manner as they currently do for pensions. The statement does not require that governments fund their OPEB plans, only that they account for them and report them. OPEB generally consist of health insurance and dental, vision, prescription, or other healthcare benefits provided to eligible retirees, including their beneficiaries in some cases. The County's OPEB plan is administered by the California Public Employees' Retirement System and consists of a postretirement medical program for retired members and their eligible dependents.

Implementation of GASB Statement No. 45 primarily impacted the County's government-wide financial statements for the year ended June 30, 2009. In addition, implementation required additional note disclosure and required supplemental information.

Governmental Accounting Standards Board Statement No. 50

For the fiscal year ended June 30, 2009, the County implemented GASB Statement No. 50, "*Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*". This statement is effective for the County for fiscal periods beginning after June 15, 2008.

GASB Statement No. 50 amends GASB Statement No. 27 to require employers participating in a sole or agent multiple-employer defined benefit pension plan to disclose the funded status of the plan as of the most recent actuarial valuation date and to include a reference linking the funded status disclosure in the notes to the financial statements to the required schedule of funding progress in required supplementary information. Statement 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits.

Implementation of GASB Statement No. 50 primarily impacted the County's note disclosure for the employee's retirement plans.

COUNTY OF LASSEN

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

C. **Basis of Presentation**

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

COUNTY OF LASSEN

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

C. **Basis of Presentation** (continued)

Fund Financial Statements (continued)

The County reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as legislative and administrative, personnel, finance, counsel, elections, and property management.
- The *Road Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that relate to public ways not accounted for through other funds.
- The *Health and Human Services Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that relate to health programs, children's programs and veterans services, such as public health, mental health, veterans services, public guardian, and drug and alcohol programs.
- The *Welfare Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that relate to Social Services programs including social services administration, general relief, protective services, and community services.
- The *Public Safety Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that relate to Public Safety, such as police protection, detention, public defender, and district attorney.
- The *Community Development Fund* is used to account for monies received from the State and Federal Governments and loaned by the County to individuals and businesses to encourage economic growth.

The County reports the following additional fund types:

- *Internal Service Funds* are used by the County to charge the cost of information technology services and fleet services to individual funds.

COUNTY OF LASSEN

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

C. **Basis of Presentation** (continued)

Fund Financial Statements (continued)

- The *Investment Trust Fund* accounts for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.
- The *Agency Funds* account for assets held by the County as an agent for various local governments.

D. **Basis of Accounting**

The government-wide, proprietary, and investment trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available (“susceptible to accrual”). Taxes, intergovernmental, interest and charges for services are considered susceptible to accrual. Property and sales taxes, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be measurable and available.

COUNTY OF LASSEN

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

D. **Basis of Accounting** (continued)

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

For its business-type activities and enterprise funds, the County has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

E. **Cash and Investments**

The County follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents. Each fund type's portion of this pool is displayed on the combined balance sheet as cash and investments. Investments are stated at fair value in accordance with the provisions of GASB Statement No. 31.

F. **Cash and Cash Equivalents**

For purposes of the statements of cash flows, the County considers all cash and investments with maturities of 90 days or less and all pooled cash and investments held by the County Treasurer as cash and cash equivalents.

G. **Receivables**

Receivables consist mostly of amounts due from other agencies. Management believes its receivables are fully collectible except for its long term receivables on the Community Development Housing loans.

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

H. Deposits with Others

Deposits with others consists of a deposit held with Trindel Insurance of \$2,369,977 and a deposit held with the California Construction Authority of \$141,954.

I. Inventory

Inventory is valued at market on a moving average basis. Road inventory consists of road supplies, fuel and various consumable items. The consumption method of accounting is used. The cost is recorded as an expenditure at the time individual inventory items are used. In governmental funds, reported inventories are equally offset by a fund balance reserve, which indicates that it does not constitute “available spendable resources” even though it is a component of net current assets.

J. Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including roads, bridges, water/sewer, lighting system, drainage systems, and flood control. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and proprietary funds.

The estimated useful lives are as follows:

| | |
|-----------------------------|----------------|
| Infrastructure | 25 to 50 years |
| Structures and improvements | 25 to 40 years |
| Equipment | 3 to 10 years |

The County has five networks of infrastructure assets – roads, water/sewer, lighting, drainage, and flood control. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, water/sewer, lighting, drainage and flood control. These infrastructure assets are the largest asset class of the County.

COUNTY OF LASSEN

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

K. **Accumulated Compensated Absences**

The County accounts for compensated absences (unpaid vacation, sick leave and compensatory time) in accordance with GASB 16. In governmental funds, compensated absences are recorded as expenditures in the year paid. As it is the County's policy to liquidate any unpaid vacation at June 30 from future resources rather than currently available expendable resources, the entire unpaid liability for the governmental funds is recorded in the government-wide financial statements only.

Unused vacation benefits may be accrued up to a maximum of 254 hours and are paid to employees upon termination. Compensated time off and administrative leave balances are accrued and paid to employees upon termination at 100%. Unused sick leave benefits do not vest with the employee and are lost upon termination. Therefore, unused sick leave benefits have not been accrued.

L. **Revenue Recognition – Property Taxes**

Property taxes are levied on real and personal property known as secured and unsecured taxes respectively. A mid-year completion of construction or transfer of property will generate a supplemental tax bill reflecting the market value at that time. This bill is in addition to the regular roll and may be due at various times of the year.

Property taxes attach as an enforceable lien on January 1. Taxes are levied on July 1 and are payable in two installments, December 10 and April 10. All general property taxes are then allocated by the County Auditor-Controller's office to the various taxing entities per the legislation implementing Proposition 13. The method of allocation used by the County is subject to review by the State of California. County property tax revenues are recognized when levied in accordance with the guidelines for implementation of the Teeter Plan for reporting property taxes.

The Teeter Plan allows the county to allocate secured and utility property taxes to jurisdictions at 100% of the billed amount rather than the actual tax collection. The county collects all future delinquent tax payments, penalties and interest. Special tax assessments are not included in the Teeter Plan. The benefits of participation in the Teeter Plan include more stable and reliable annual property tax revenues for participating jurisdictions.

Once adopted the Teeter Plan remains in effect unless either the County Board of Supervisors or resolutions from two-thirds of the participating jurisdictions order it discontinued.

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

M. Interfund Transactions

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

N. Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2: **Restatement of Fund Equity/Net Assets**

The impact of the restatements on the fund balances/net assets as previously reported is presented below:

| | <u>Government-Wide Statement of Activities</u> | <u>Governmental Activities</u> |
|---|--|------------------------------------|
| Net assets/fund balances, June 30, 2008, as previously reported | \$ 73,859,380 | |
| Additional capital assets of the Fair Fund not previously reported | | 663,415 |
| Landed owned by Lassen County but used by the Solid Waste Authority previously reported as and asset of the Authority | | <u>189,160</u> |
| Total Restatements | | <u>852,575</u> |
| Net assets/fund balances, July 1, 2008, as restated | <u>\$ 74,711,955</u> | |

COUNTY OF LASSEN

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 3: Cash and Investments

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the investment pool. Interest earned on the investment pool is distributed to the participating funds using a formula based on the average daily cash balance of each fund.

The investment pool includes both voluntary and involuntary participation from external entities. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer.

The County investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are in order of priority, safety, liquidity, yield, and public trust.

The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the Board of Supervisors every month. The report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value.

At June 30, 2009, total County cash and investments were as follows:

Cash:

| | | |
|---------------------------|----|--------------------|
| Cash on hand | \$ | 3,263 |
| Deposits | | 7,194,616 |
| Less outstanding warrants | | <u>(3,292,902)</u> |
| Total Deposits | | <u>3,904,977</u> |

Investments:

| | | |
|----------------------------|----|--------------------------|
| In Treasurer's pool | | 58,025,700 |
| Outside Treasurer's pool | | <u>604,615</u> |
| Total Investments | | <u>58,630,315</u> |
| Total Cash and Investments | \$ | <u><u>62,535,292</u></u> |

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 3: **Cash and Investments** (continued)

Total cash and investments at June 30, 2009, were presented on the County's financial statements as follows:

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total</u> |
|---|----------------------|-------------------|----------------------|
| Cash and Investments in Treasurer's Pool | | | |
| Primary government | \$ 31,835,510 | \$ -- | \$ 31,835,510 |
| Investment trust fund | 21,264,143 | -- | 21,264,143 |
| Agency funds | 8,831,024 | -- | 8,831,024 |
| Cash with Fiscal Agent | | | |
| Primary Government | | 604,615 | 604,615 |
| | <u>\$ 61,930,677</u> | <u>\$ 604,615</u> | <u>\$ 62,535,292</u> |

Investments

The table below identifies the investment types that are authorized for the County by the California Government Code or the County's investment policy, where more restrictive. The table also identifies certain provisions of the County's investment policy that address interest rate risk, credit risk, and concentration risk.

Investments

| <u>Authorized Investment Type</u> | <u>Maximum Maturity</u> | <u>Maximum Percentage of Portfolio</u> | <u>Maximum Investment in One Issuer</u> |
|---|-----------------------------|--|---|
| Issued by Lassen County | 5 years | 10% | None |
| U.S. Treasury Obligations | 5 years | None | None |
| Obligations of the State of California | 1 year | 10% | None |
| Other Local Agency Bonds, Notes, or Warrants | 1 year | 10% | None |
| | | 70% or 40% | |
| Federal Agency Obligations | 5 years | callable issues | 50% |
| Banker's Acceptances | 180 days | 40% | 10% |
| Commercial Paper | 180 days | 40% | 10% |
| Negotiable Certificates of Deposit | 1 year | 30% | 10% |
| Medium-Term Corporate Notes | 5 years | 30% | 10% |
| Money Market Mutual Funds | N/A | 20% | 10% |
| Local Agency Investment Fund | N/A | None | \$40M |
| Other Local Government Pools | N/A | None | None |

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 3: **Cash and Investments** (continued)

Investments (continued)

The County may also hold securities for the purpose of collateralizing its deposits in accordance with Sections 53651 and 53652 of the Government Code. Pledged funds held by the trustees in connection with the County's debt may not be subject to the above requirements if statutory provisions related to the debt allow the funds to be invested in a different manner.

At June 30, 2009, the County had the following investments:

| Investment Pool | <u>Interest Rates</u> | <u>Maturities</u> | <u>Par</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Weighted Average Maturity (Years)</u> |
|---|-----------------------|-------------------|----------------------|----------------------|----------------------|--|
| Federal Agency Issues - Coupon | 2.0% - 5.5% | 9/30/09 - 4/22/14 | \$ 18,000,000 | \$ 18,200,140 | 18,025,700 | 2.07 |
| LAIF | Variable | On Demand | 40,000,000 | 40,000,000 | 40,000,000 | -- |
| | | | <u>\$ 58,000,000</u> | <u>\$ 58,200,140</u> | <u>\$ 58,025,700</u> | <u>0.65</u> |
| Investment outside Investment Pool | | | | | | |
| <i>Cash held with fiscal agent</i> | | | | | | |
| Money Market | Variable | On Demand | \$ 1,615 | \$ 1,615 | \$ 1,615 | -- |
| Investment agreement | 5% | On Demand | 603,000 | 603,000 | 603,000 | -- |
| | | | <u>\$ 604,615</u> | <u>\$ 604,615</u> | <u>\$ 604,615</u> | <u>--</u> |

Interest Rate Risk

The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with its investment policy.

Credit Risk

State law and the County's Investment Policy limit investments in commercial paper to the rating of A1 by Standards & Poor's or P-1 by Moody's Investors Service. State law and the County's Investment Policy also limit investments in corporate bonds to the rating of A by Standard & Poor's and Moody's Investors Service. The County does not have credit limits on government agency securities.

Concentration of Credit Risk

At June 30, 2009, in accordance with State law and the County's Investment Policy, the County did not have 5% or more of its net investment in commercial paper, corporate bonds or medium term notes of a single organization, nor did it have 10% or more of its net investment in any one money market mutual fund.

COUNTY OF LASSEN

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 3: Cash and Investments (continued)

Concentration of Credit Risk (continued)

At June 30, 2009, the County had 5% or more of its net investments in obligations of the Federal Home Loan Bank (17.47%), the Federal Home Loan Mortgage Corporation (6.90%) and the Federal National Mortgage Association (6.90%). These investments are not violations of state law or the investment policy, but are required disclosures for financial reporting.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County Investment Pool's fair value at June 30, 2009.

| | <u>S&P</u> | <u>Moody's</u> | <u>% of Portfolio</u> |
|---|----------------|----------------|-----------------------|
| Federal Agencies | AAA | AAA | 31.07% |
| California Local Agency Investment Fund | Unrated | Unrated | 68.93% |
| Total | | | <u>100.00%</u> |

Custodial Credit Risk

For investments and deposits held with fiscal agents, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or deposits that are in the possession of an outside party. At year end, the County's investment pool and cash with fiscal agents had no securities exposed to custodial credit risk.

Local Agency Investment Fund

The County Treasurer's Pool maintain an investment in the State of California Local Agency Investment Fund (LAIF). LAIF is part of the Pooled Money Investment Account (PMIA), an investment pool consisting of funds held by the state in addition to those deposited in LAIF. All PMIA funds are managed by the Investment Division of the State Treasurer's Office. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California Government Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute.

COUNTY OF LASSEN

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 3: Cash and Investments (continued)

Local Agency Investment Fund (continued)

At June 30, 2009, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$40,000,000, which approximates fair value and is the same as the value of the pool shares determined on an amortized cost basis. The total amount invested by all public agencies in PMIA on that day was \$50.7 billion. Of that amount, 14.71% was invested in structured notes and asset-backed securities with the remaining 85.29% invested in other non-derivative financial products.

Fair Value

At June 30, 2009, the difference between the cost and fair value of cash and investments was not material (fair value was 100.30% of carrying value). Therefore, an adjustment to fair value was not required. Fair value is based on information provided by the State for the Local Agency Investment Fund and quoted market prices or safekeeping agent statements for other investments.

County Investment pool Condensed Financial Statements

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2009:

Statement of Net Assets

| | |
|---------------------------------------|---------------|
| Net assets held for pool participants | \$ 61,930,677 |
| Equity of internal pool participants | \$ 40,666,534 |
| Equity of external pool participants | 21,264,143 |
| Total net assets | \$ 61,930,677 |

Statement of Changes in Net Assets

| | |
|--|---------------|
| Investment earnings | \$ 2,032,129 |
| Investment expenses | (172,364) |
| Net distributions from pool participants | (4,327,933) |
| Decrease in Net Assets | (2,468,168) |
| Net assets at July 1, 2008 | 64,398,845 |
| Net assets at June 30, 2009 | \$ 61,930,677 |

COUNTY OF LASSEN

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 4: **Receivables**

Management believes its receivables are fully collectible except for its long term receivables on the Community Development Housing loans recorded in the General Fund. At June 30, 2009, the gross amount of these receivables was \$280,472 and the allowance for uncollectible accounts was \$211,131 which resulted in a net amount of \$69,341.

Note 5: **Capital Assets**

Capital Asset activity for the year ended June 30, 2009, was as follows:

| | Balance July 1, 2008 | Additions | Retirements | Transfers & Adjustments | Balance June 30, 2009 |
|--|-------------------------|---------------------|--------------------|----------------------------|--------------------------|
| Governmental Activities | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 3,444,198 | \$ -- | \$ (13,378) | \$ 189,160 | \$ 3,619,980 |
| Construction in progress | 8,713,369 | 2,512,884 | -- | (1,014,500) | 10,211,753 |
| Total capital assets, not being depreciated | <u>12,157,567</u> | <u>2,512,884</u> | <u>(13,378)</u> | <u>(825,340)</u> | <u>13,831,733</u> |
| Capital assets, being depreciated: | | | | | |
| Infrastructure | 30,508,241 | 5,923,918 | -- | 937,691 | 37,369,850 |
| Structures and improvements | 23,209,680 | 561,927 | -- | 1,015,638 | 24,787,245 |
| Equipment | 11,541,448 | 938,907 | (324,589) | 20,480 | 12,176,246 |
| Total capital assets, being depreciated | <u>65,259,369</u> | <u>7,424,752</u> | <u>(324,589)</u> | <u>1,973,809</u> | <u>74,333,341</u> |
| Less accumulated depreciation for: | | | | | |
| Infrastructure | (18,227,483) | (1,742,189) | -- | (17,689) | (19,987,361) |
| Structures and improvements | (8,559,633) | (633,820) | -- | (281,244) | (9,474,697) |
| Equipment | (9,375,453) | (751,786) | 324,589 | 3,039 | (9,799,611) |
| Total accumulated depreciation | <u>(36,162,569)</u> | <u>(3,127,795)</u> | <u>324,589</u> | <u>(295,894)</u> | <u>(39,261,669)</u> |
| Total capital assets, being depreciated, net | <u>29,096,800</u> | <u>4,296,957</u> | <u>--</u> | <u>1,677,915</u> | <u>35,071,672</u> |
| Government activities capital assets, net | <u>\$ 41,254,367</u> | <u>\$ 6,809,841</u> | <u>\$ (13,378)</u> | <u>\$ 852,575</u> | <u>\$ 48,903,405</u> |
| Business-Type Activities | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 342,519 | \$ -- | \$ -- | \$ -- | \$ 342,519 |
| Total capital assets, not being depreciated | <u>342,519</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>342,519</u> |
| Capital assets, being depreciated: | | | | | |
| Structures and improvements | 800,614 | -- | -- | -- | 800,614 |
| Equipment | 201,633 | 8,225 | -- | -- | 209,858 |
| Total capital assets, being depreciated | <u>1,002,247</u> | <u>8,225</u> | <u>--</u> | <u>--</u> | <u>1,010,472</u> |
| Less accumulated depreciation for: | | | | | |
| Structures and improvements | (161,707) | (20,387) | -- | -- | (182,094) |
| Equipment | (161,286) | (13,533) | -- | -- | (174,819) |
| Total accumulated depreciation | <u>(322,993)</u> | <u>(33,920)</u> | <u>--</u> | <u>--</u> | <u>(356,913)</u> |
| Total capital assets, being depreciated, net | <u>679,254</u> | <u>(25,695)</u> | <u>--</u> | <u>--</u> | <u>653,559</u> |
| Business-type activities capital assets, net | <u>\$ 1,021,773</u> | <u>\$ (25,695)</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ 996,078</u> |

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 5: **Capital Assets** (continued)

Depreciation

Depreciation expense was charged to governmental functions as follows:

Governmental Activities – Depreciation Expense

| | |
|------------------------|---------------------|
| General government | \$ 504,552 |
| Public protection | 391,858 |
| Public ways | 1,972,083 |
| Health and sanitation | 76,466 |
| Public assistance | 32,865 |
| Culture and recreation | 982 |
| Internal service funds | 148,989 |
| | <u>\$ 3,127,795</u> |

Business-Type Activities – Depreciation Expense

Depreciation expense was charged to the business-type functions as follows:

| | |
|-------------------------------------|------------------|
| County Service Area (Honey Lake TV) | \$ 13,533 |
| County Business Park | 20,387 |
| | <u>\$ 33,920</u> |

Note 6: **Long-Term Liabilities**

Long-term debt at June 30, 2009 consisted of the following:

| | <u>Date of Issue</u> | <u>Maturity</u> | <u>Interest Rates</u> | <u>Annual Principal Installments</u> | <u>Original Issue Amount</u> | <u>Outstanding at June 30, 2009</u> |
|--|--------------------------|-----------------|---------------------------|--|--------------------------------------|---|
| <u>Governmental activities</u> | | | | | | |
| Refunding Certificates of Participation to provide debt service payments until 1989 bonds are called | 1998 | 2010 | 3.35%-4.35% | \$465,000-\$625,000 | \$ 6,030,000 | \$ 625,000 |

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 6: **Long-Term Liabilities** (continued)

The following is a summary of long-term liability transactions for the year ended June 30, 2009:

| | Balance July 1, 2008 | Additions | Deletions | Balance June 30, 2009 | Amounts Due Within One Year |
|--|-------------------------|---------------------|-------------------|--------------------------|-----------------------------------|
| Governmental Activities | | | | | |
| Refunding certificates of participation (1998) | \$ 1,225,000 | \$ -- | \$ 600,000 | \$ 625,000 | \$ 625,000 |
| Compensated absences | 1,199,890 | 88,016 | -- | 1,287,906 | 643,953 |
| Claims liability | 611,240 | 650,044 | -- | 1,261,284 | -- |
| Other post-employment benefits liability | -- | 359,524 | -- | 359,524 | -- |
| | | | | | |
| Total Governmental Activities | | | | | |
| Long-term liabilities | <u>\$ 3,036,130</u> | <u>\$ 1,097,584</u> | <u>\$ 600,000</u> | <u>\$ 3,533,714</u> | <u>\$ 1,268,953</u> |

Claims liability has typically been liquidated from the general fund. Compensated absences are generally liquidated by the General Fund and related special revenue funds.

Note 7: **Operating Leases**

The County is committed under various noncancelable operating leases for office buildings and photocopy machines. The minimum future lease commitments on these leases are as follows:

| <u>Year Ended June 30,</u> | <u>Payments</u> |
|--------------------------------|---------------------|
| 2010 | \$ 406,812 |
| 2011 | 264,096 |
| 2012 | 264,096 |
| 2013 | 142,308 |
| 2014 | <u>133,200</u> |
| | |
| Totals | <u>\$ 1,210,512</u> |

Rent expenditures were \$470,928 for the year ended June 30, 2009.

Note 8: **Interfund Transactions**

Interfund Receivables/Payables

Interfund receivables and payables represent borrowing between funds and regular services and supplies provided but not settled at year-end. The composition of interfund balances as of June 30, 2009 are as follows:

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 8: **Interfund Transactions** (continued)

Interfund Receivables/Payables (continued)

Advances to/from other funds:

(a) Between Governmental and Business-Type Activities:

| Receivable Fund | Payable Fund | Amount |
|-----------------|---------------------------|-----------|
| General Fund | Nonmajor Enterprise Funds | \$ 85,000 |

(b) Between Funds Within the Governmental Activities:

| Receivable Fund | Payable Fund | Amount |
|-----------------------------|-----------------------------|------------|
| General Fund | Nonmajor Governmental Funds | \$ 265,000 |
| Nonmajor Governmental Funds | Nonmajor Governmental Funds | 350,000 |
| Total | | \$ 615,000 |

Due to/from other funds:

Between Funds Within the Governmental Activities:

| Receivable Fund | Payable Fund | Amount |
|-----------------------------|-----------------------------|------------|
| General Fund | Nonmajor Governmental Funds | \$ 77,385 |
| Nonmajor Governmental Funds | General Fund | 56,029 |
| | Public Safety | 10,602 |
| | | \$ 144,016 |

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 8: **Interfund Transactions** (continued)

Interfund Receivables/Payables (continued)

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenues. The following schedule briefly summarizes the County's transfer activity:

Between Governmental and Business-Type Activities:

| <u>Transfer from</u> | <u>Transfer to</u> | <u>Amount</u> |
|--------------------------|----------------------------|---------------|
| Nonmajor Enterprise Fund | Nonmajor Governmental Fund | \$ 29,732 |

Between Funds Within the Governmental Activities:

| <u>Transfer from</u> | <u>Transfer to</u> | <u>Amount</u> |
|-----------------------------|-----------------------------|----------------------|
| General Fund | Health and Human Services | \$ 264,832 |
| | Public Safety | 5,030,000 |
| | Welfare | 761,335 |
| | Nonmajor Governmental Funds | <u>3,319,348</u> |
| | | <u>9,375,515</u> |
| Public Safety | Nonmajor Governmental Funds | <u>4,027</u> |
| Nonmajor Governmental Funds | General Fund | 255,039 |
| | Health and Human Services | 2,448,530 |
| | Welfare | 2,065,258 |
| | Public Safety | 167,743 |
| | Nonmajor Governmental Funds | <u>1,681,852</u> |
| | | <u>6,618,422</u> |
| Totals | | <u>\$ 15,997,964</u> |

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 9: **Deferred Revenues**

Governmental funds report deferred revenue in connection with receivables for revenues not considered available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

As of June 30, 2009, the various components of unavailable deferred revenue and unearned revenue reported were as follows:

| | <u>Unavailable</u> | <u>Unearned</u> | <u>Total</u> |
|-----------------------------------|---------------------|---------------------|---------------------|
| Governmental Activities: | | | |
| General Fund: | | | |
| Various grants, charges and loans | \$ -- | \$ 607,547 | \$ 607,547 |
| Health and Human Services: | | | |
| Various grants and charges | 1,289,783 | -- | 1,289,783 |
| Welfare: | | | |
| Various grants and charges | 1,068,583 | -- | 1,068,583 |
| Road Fund: | | | |
| Various grants and charges | 428,757 | -- | 428,757 |
| Community Development: | | | |
| Various grants and charges | 451,525 | 575,432 | 1,026,957 |
| Other Governmental Funds: | | | |
| Various grants, charges and loans | 29,879 | -- | 29,879 |
| | <u>\$ 3,268,527</u> | <u>\$ 1,182,979</u> | <u>\$ 4,451,506</u> |

Note 10: **Net Assets/Fund Balances**

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Investment in Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* – This category represents net assets that are subject to constraints either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 10: **Net Assets/Fund Balances** (continued)

Restricted net assets at June 30, 2009 for governmental activities are as follows:

| | | |
|---|------------------|-----------------------------|
| Restricted for Public Safety: | | |
| Inmate Welfare | \$ 277,062 | |
| Public Safety | 255,328 | |
| USDA Title III | 134,645 | |
| Child Support | 99,952 | |
| Crime Lab Trust | 8,959 | |
| DNA Penalty Assessment (Co side) | 149,135 | |
| Sheriff-DOJ Fingerprints Trust | 22,393 | |
| K-9 Trust | <u>231</u> | |
| | | \$ 947,705 |
| | | |
| Restricted for Health & Public Assistance | | |
| Health & Human Services | 1,474,376 | |
| Community Dev - CDBG | 1,028,554 | |
| Welfare | 1,207,555 | |
| Mental Health Services Act | 1,023,067 | |
| Health/Sales Tax Realignment | <u>3,119,258</u> | |
| | | 7,852,810 |
| | | |
| Restricted for Community Resources & Facilities: | | |
| Road | 7,547,010 | |
| Aviation | 522,742 | |
| Bieber Lighting District | <u>30,056</u> | |
| | | 8,099,808 |
| | | |
| Restricted for General Government & Support Services: | | |
| Recorder | 442,996 | |
| Lassen/Modoc Flood Control District | <u>183,367</u> | |
| | | 626,363 |
| | | |
| Restricted for Criminal Justice and Courthouse Construction | <u>1,964,404</u> | 1,964,404 |
| | | |
| Restricted for Debt Service | <u>711,018</u> | <u>711,018</u> |
| | | |
| Total Restricted Net Assets - Governmental Activities | | <u><u>\$ 20,202,108</u></u> |

As of June 30, 2009, the County did not have any net assets restricted by enabling legislation.

- *Unrestricted Net Assets* – This category represents net assets of the County, not restricted for any project or other purpose.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

COUNTY OF LASSEN

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 10: **Net Assets/Fund Balances** (continued)

As of June 30, 2009, reservations of fund balance are described below:

The term “reserved” is used to indicate that a portion of reported fund balance is (1) legally restricted to a specific use or (2) not available for appropriation or expenditure. The County’s management will sometimes designate portions of unreserved (available) fund balance based on tentative future spending plans. Designated portions of fund balance represent financial resources legally available for uses other than those tentatively planned.

The County has “reserved” fund balances as follows:

- *Reserved for legal obligation* – to indicate that a portion of the fund balance is restricted for legal obligations.
- *Reserved for self-insurance* – to indicate that a portion of the fund balance is restricted for payment of long-term self-insurance liabilities.
- *Reserved for inventory* – to reflect the portion of assets which do not represent available spendable resources.
- *Reserved for loans/advances* – represents long-term receivables from other funds. The portion of fund balance representing the advance does not represent an available spendable resource.

The County has designated fund balance as follows:

- *Designated for capital projects* – to reflect management’s intent to expend certain funds solely for planned capital projects.
- *Designated for other purposes* – to indicate that a portion of the general fund and special revenue fund balances are designated for emergency services, retiree health benefits, health and social service programs, economic development, loss prevention/risk management, and public safety programs.

COUNTY OF LASSEN

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 11: Employee Retirement Systems

A. **Plan Description**

The County of Lassen's defined benefit pension plans, the Miscellaneous Plan and the Safety Plan (the "Plans"), provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plans are part of the public agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The County of Lassen selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance or resolution. CalPERS issue a separate comprehensive annual financial report. Copies of the CalPERS's Annual Financial Report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, California 95814.

B. **Funding Policy**

Active plan members in the Miscellaneous Plan and the Safety Plan are required to contribute 7 percent and 9 percent, respectively, of their annual covered salary. The County of Lassen's labor contract requires the County to pay all Miscellaneous Employee Plan contributions that are required for the actuarially determined amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2008-09 was 10.695 percent for miscellaneous employees and 28.721 percent for safety employees. The contribution requirements of the plan members are established by State Statute and the employer contribution rate is established and may be amended by CalPERS.

C. **Annual Pension Cost**

For fiscal year 2008-09, the County of Lassen's annual pension cost was \$2,718,111 for both Miscellaneous and Safety members, and was equal to the County's required and actual contributions. The required contribution for fiscal year 2008-09 was determined as part of the June 30, 2006 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.25 percent to 14.45 percent; and (c) zero percent cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.00 percent.

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 11: **Employee Retirement Systems** (continued)

C. Annual Pension Cost (continued)

The actuarial value of Miscellaneous Plan assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. Miscellaneous Plan and Safety Plan unfounded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis.

Three-Year Trend Information for the Miscellaneous and Safety Plans

| <u>Fiscal Year Ending</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|-----------------------------------|--|--|---------------------------------------|
| 6/30/07 | 2,220,453 | 100% | -- |
| 6/30/08 | 2,553,563 | 100% | -- |
| 6/30/09 | 2,718,111 | 100% | -- |

D. Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Up to ten years of information will be provided in future years as this information becomes available.

Analysis of dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the funding status on a going-concern basis. Analysis of this percentage over time indicates whether the fund is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the fund. Trends in the unfunded pension benefit obligation and annual covered payroll approximately adjusts for the effects of inflation and aids in the analysis of progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the fund.

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 12: **Other Post Employment Benefits (OPEB)**

The County contributes to the California Public Employees Retirement System (CalPERS) Health Program, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS provides retirement and disability benefits, and death benefits to plan members and beneficiaries. Benefit provisions and all other requirements are established by state statute and County ordinance. The plan issues a stand-alone financial report. Copies of CalPERS' annual financial report may be obtained from their executive office: 400 Q Street, Sacramento, CA 95811.

Employees that meet the following requirements are eligible for coverage under the Lassen County CalPERS Health Program: 1) has 5 or more years of service with Lassen County; 2) is at least 50 at the date of retirement; and 3) is currently employed by the County at the time of retirement. The County has elected to contribute toward the cost of premiums, for the retiree and spouse, up to a maximum monthly amount which is specified in the County's bargaining agreements with its employee groups. The minimum employer contribution specified by CalPERS for 2009 is \$101.00 per month and is currently less than the County paid contribution.

Funding Policy

The contribution requirements of the plan members and the County are established and may be amended by the County. The contribution is based on pay-as-you-go financing requirements. For fiscal year 2008-09, the County contributed \$281,819, or 43.9%, of the actuarially required contributions, to the Retiree Health Plan.

Annual OPEB Cost and Net OPEB Obligation

The annual required contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension*. The County's ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the Retiree Health Plan (dollar amount in thousands):

| | |
|---|--------------------------|
| Annual required contribution | \$ 641,343 |
| Annual OPEB cost (expense) | <u>641,343</u> |
| Contributions made | <u>(281,819)</u> |
| Increase in net OPEB obligation | 359,524 |
| Net OPEB obligation - beginning of year | -- |
| Net OPEB obligation - end of year | <u><u>\$ 359,524</u></u> |

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 12: **Other Post Employment Benefits (OPEB)** (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

The County's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the Plan (as described in the funding policy above), and the Net OPEB Obligation for fiscal year 2008-09 is as follows (dollar amounts in thousands):

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------------|---------------------|--|---------------------------|
| 6/30/09 | \$641,343 | 43.9% | \$359,524 |

In future years, three year trend information will be presented. Fiscal year 2008-09 was the first year of implementation of GASB Statement 45, and the County elected to implement prospectively; therefore prior year comparative data is not available.

Funded Status and Funding Progress

The funded status of the plan, based on an actuarial valuation as of July 1, 2007, the plan's most recent actuarial valuation date, was as follows (amounts in thousands):

| | |
|---|---------------|
| Actuarial accrued liability (AAL) | \$ 6,337,920 |
| Actuarial value of plan assets | -- |
| Unfunded actuarial accrued liability (UAAL) | \$ 6,337,920 |
| Funded ratio (actuarial value of plan assets/AAL) | 0.0% |
| Covered payroll (active Plan members) | \$18,023,635* |
| UAAL as a percentage of covered payroll | 35.2% |

* Provided by the County

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

COUNTY OF LASSEN

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 12: **Other Post Employment Benefits (OPEB)** (continued)

Actuarial Methods and Assumptions (continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2007 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 5.0% investment rate of return, an inflation rate of 3.25% per year, and assumed medical inflation of 9.5% graded down to 5% over 9 years. The OPEB plan's unfunded actuarial liability is being amortized by level percent of payroll contributions over 30 years. The remaining amortization period at June 30, 2009, was 29 years.

Note 13: **Commitments and Contingencies**

Government Programs

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of the fiscal year-end, significant amounts of grant expenditures have not been audited, but the County believes that disallowed expenditures, if any, based on subsequent audits, will not have a material effect on any of the individual governmental funds or the overall financial position of the County.

Note 14: **Joint Powers Agreement**

A. **Lassen Regional Solid Waste Management Authority**

In 1999, the Lassen Regional Solid Waste Management Authority (the "Authority") was created under a joint exercise of powers agreement between the County and the City of Susanville. It was formed to fund, plan, operate, administer, and maintain solid waste facilities, sites and services, including all mandated costs for planning, waste, diversion, and both closure and post-closure of sites, as well as public education, waste transfer, material recovery, recycling, household hazardous waste programs, and other AB939 programs. A five-member Board of Directors governs the Authority. Members share equally in the Authority's assets, to be distributed upon termination of the joint venture agreement. The members have no share of the

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 14: **Joint Powers Agreement** (continued)

A. **Lassen Regional Solid Waste Management Authority** (continued)

Authority's debts, liabilities, and obligations. The Authority has financial statements prepared and they can be obtained from management at the Authority. Condensed statements for the Authority as of June 30, 2008 are presented below:

| | <u>Amount</u> |
|-------------------------|----------------------------|
| Statement of Net Assets | |
| Assets | \$ 4,216,245 |
| Liabilities | <u>3,726,027</u> |
| Net assets | <u><u>\$ 490,218</u></u> |
| | |
| Revenues and Expenses | |
| Revenues | \$ 1,822,502 |
| Expenses | <u>1,924,705</u> |
| Net income (loss) | <u><u>\$ (102,203)</u></u> |

B. **Lassen Transit Service Agency**

The Lassen Transit Service Agency (Agency) was created as a joint powers agreement (JPA) between the County of Lassen and the City of Susanville on July 17, 2002 under the provisions of Article 1, Chapter 5, Division 7, Title 1 of the California Government Code Section 6500. Formerly, all of the transactions of the Agency were reported in the Rural Bus Fund of the County of Lassen. Effective July 1, 2002, the Agency became a separate legal entity and is no longer considered a part of the County.

The Agency receives Local Transportation Fund and State Transit Assistance allocations from the Lassen County Local Transportation Commission to operate and provide public transit services to the County of Lassen and the City of Susanville. The Agency has financial statements prepared and they can be obtained from management of the Agency.

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 14: **Joint Powers Agreement** (continued)

B. Lassen Transit Service Agency (continued)

Condensed statements for the Agency as of June 30, 2008 are presented below:

| | <u>Amount</u> |
|-------------------------|---------------------|
| Statement of Net Assets | |
| Assets | \$ 1,186,578 |
| Liabilities | 110,397 |
| Equity | <u>\$ 1,076,181</u> |
| | |
| Revenues and Expenses | |
| Revenues | \$ 1,184,062 |
| Expenses | 1,120,021 |
| Net income (loss) | <u>\$ 64,041</u> |

Note 15: **Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The County participates in a joint powers agency (JPA) called Trindel Insurance, to provide coverage for workers' compensation and general liability exposure and to pay for the administration of the program. Primary and excess workers' compensation insurance, as well as excess property and general liability insurance are reinsured through a commercial company. There is a self-insured retention of \$100,000 for general liability and of \$25,000 for property, respectively. Above the self-insured retention, excess insurance coverage is up to a limit of \$15,000,000 for both programs. Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. At June 30, 2009, Trindel Insurance Fund was classified as a claims-servicing or account pool, wherein the County retains the risk of loss and is considered self-insured with regard to liability coverage. The County currently reports all of its risk management activities in the General Fund. Premiums due to Trindel are reported when incurred. The liability for outstanding claims was determined based on historical trends and actual activity.

Estimates of the liabilities for incurred (both reported and unreported) but unpaid claims are actuarially determined. Liabilities are based on the estimated cost of settling the claims.

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 15: **Risk Management** (continued)

Changes in the balance of claims liability during the fiscal years ended June 30, 2009 and 2008 were as follows:

| | 2009 | 2008 |
|--|--------------|------------|
| Unpaid claims, July 1, | \$ 611,240 | \$ 544,627 |
| Incurred claims (including IBNRs) and changes in estimate | 1,020,772 | 962,167 |
| Current year payments | (370,728) | (895,554) |
| Unpaid claims, June 30, | \$ 1,261,284 | \$ 611,240 |

The County is also involved in various cases in which there is a reasonable possibility of loss. All of the cases in excess of the County's retained liability limit are covered by excess insurance coverage. In accordance with Government Auditing Standards Board Statement No. 10, these cases have not been accrued in the financial statements.

Note 16: **Fund Balance/Net Assets Deficit**

The following funds had deficit fund balance at June 30, 2009:

| | Deficit Amount |
|----------------------|-------------------|
| Sierra Army Depot | \$ 563,713 |
| County Water Systems | 27,193 |

The Sierra Army Depot deficit fund balance will be restored with future property tax increment revenue; the timeline is uncertain. It is yet to be determined how the deficit fund balance for the County Water Systems will be restored.

Note 17: **New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) recently released several new accounting and financial reporting standards. The following new standards may have a significant impact on the County's financial reporting process.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, is effective in financial statements for the year ending June 30, 2010. It establishes accounting and financial reporting requirements for intangible assets to reduce various inconsistencies that are currently applied by various governmental entities.

COUNTY OF LASSEN

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 17: **New Accounting Pronouncements** (continued)

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, is effective for the year ending June 30, 2010. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, is effective for the year ending June 30, 2011. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF LASSEN

Required Supplementary Information
For the Year Ended June 30, 2009

COUNTY EMPLOYEE'S RETIREMENT PLAN (DEFINED PENSION BENEFIT PLAN)

Schedule of Funding Progress

The tables below show a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30:

Funded Status of the Miscellaneous Plan

| <u>Valuation Date</u> | <u>Entry Age Normal Accrued Liability</u> | <u>Actuarial Value of Assets</u> | <u>Unfunded/ (Overfunded) Liability</u> | <u>Funded Ratio</u> | <u>Annual Covered Payroll</u> | <u>UAAL as a % of Payroll</u> |
|-----------------------|---|----------------------------------|---|---------------------|-------------------------------|-------------------------------|
| 6/30/05 | \$ 57,735,412 | \$ 53,226,150 | \$ 4,509,262 | 92.2% | \$14,340,864 | 31.4% |
| 6/30/06 | 63,405,274 | 57,702,339 | 5,702,935 | 91.0% | 15,480,649 | 36.8% |
| 6/30/07 | 68,657,992 | 62,874,912 | 5,783,080 | 91.6% | 16,201,802 | 35.7% |

Funded Status of the Safety Plan

This information is no longer available for the Safety Plan. Information is available on a pooled-basis only and can be obtained from CalPERS, P.O. Box 942709, Sacramento, CA 94229-2709.

POSTEMPLOYMENT HEALTH PLAN

Schedule of Funding Progress

The table below shows an analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30.

In future years, three year trend information will be presented. Fiscal year 2008-09 was the first year of implementation of GASB Statement 45, and the County elected to implement prospectively; therefore, prior year comparative data is not available.

| <u>Valuation Date</u> | <u>Entry Age Normal Accrued Liability</u> | <u>Actuarial Value of Assets</u> | <u>Unfunded/ (Overfunded) Liability</u> | <u>Funded Ratio</u> | <u>Annual Covered Payroll</u> | <u>UAAL as a % of Payroll</u> |
|-----------------------|---|----------------------------------|---|---------------------|-------------------------------|-------------------------------|
| 7/01/07 | \$ 6,337,920 | \$ -- | \$ 6,337,920 | 0.00% | \$18,023,635* | 35.20% |

* Provided by the County

COUNTY OF LASSEN

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with</u> |
|--|-------------------------|---------------------|--------------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>(Budgetary Basis)</u> | <u>Final Budget</u> |
| | | | | <u>Positive</u> |
| | | | | <u>(Negative)</u> |
| Budgetary fund balances, July 1, restated | \$ 8,183,083 | \$ 8,183,083 | \$ 8,183,083 | \$ -- |
| Resources (inflows): | | | | |
| Taxes | \$ 9,503,023 | \$ 9,503,023 | \$ 9,290,395 | (212,628) |
| Licenses and permits | 415,500 | 415,500 | 405,964 | (9,536) |
| Intergovernmental | 3,880,971 | 3,880,971 | 3,407,130 | (473,841) |
| Charges for services | 2,296,807 | 2,296,807 | 2,454,801 | 157,994 |
| Fines and forfeitures | 82,300 | 82,300 | 171,922 | 89,622 |
| Use of money and property | 375,000 | 375,000 | 273,007 | (101,993) |
| Other | 586,500 | 586,500 | 1,609,259 | 1,022,759 |
| Other financing sources | 691,857 | 691,857 | 255,039 | (436,818) |
| Amounts available for appropriation | <u>17,831,958</u> | <u>17,831,958</u> | <u>17,867,517</u> | <u>35,559</u> |
| Charges to appropriations (outflows): | | | | |
| Current: | | | | |
| General government | 7,283,614 | 7,284,214 | 6,117,402 | 1,166,812 |
| Public protection | 2,409,370 | 2,409,370 | 2,082,392 | 326,978 |
| Public assistance | -- | -- | 1,525 | (1,525) |
| Education | 81,821 | 81,821 | 76,107 | 5,714 |
| Recreation and culture | 28,300 | 28,300 | 29,218 | (918) |
| Other financing uses | 10,336,808 | 10,336,808 | 9,375,515 | 961,293 |
| Capital outlay | 128,129 | 128,129 | -- | 128,129 |
| Total charges to appropriation | <u>20,268,042</u> | <u>20,268,642</u> | <u>17,682,159</u> | <u>2,586,483</u> |
| Budgetary fund balances, June 30 | <u>\$ 5,746,999</u> | <u>\$ 5,746,399</u> | <u>\$ 8,368,441</u> | <u>\$ 2,622,042</u> |
| <u>Sources/inflows of resources</u> | | | | |
| Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison statement | | | | \$ 17,867,517 |
| Differences - budget to GAAP: | | | | |
| Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes | | | | <u>(255,039)</u> |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | | | | <u>\$ 17,612,478</u> |
| <u>Uses/outflows of resources</u> | | | | |
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement | | | | \$ 17,682,159 |
| Differences - budget to GAAP: | | | | |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for budgetary purposes | | | | <u>(9,375,515)</u> |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | | | | <u>\$ 8,306,644</u> |

COUNTY OF LASSEN

Budgetary Comparison Schedule
 Road Fund
 For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget |
|---------------------------------------|---------------------|---------------------|-------------------------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Budgetary fund balances, July 1 | \$ 6,290,481 | \$ 6,290,481 | \$ 6,290,481 | \$ -- |
| Resources (inflows): | | | | |
| Licenses and permits | 25,000 | 25,000 | 14,204 | (10,796) |
| Intergovernmental | 11,847,170 | 12,421,893 | 11,546,218 | (875,675) |
| Use of money and property | 125,000 | 125,000 | 153,501 | 28,501 |
| Charges for services | 77,500 | 77,500 | 38,140 | (39,360) |
| Other revenues | -- | -- | 68,431 | 68,431 |
| Sale of capital assets | 30,000 | 30,000 | 17,600 | (12,400) |
| Amounts available for appropriation | <u>12,074,670</u> | <u>12,649,393</u> | <u>11,838,094</u> | <u>(841,299)</u> |
| Charges to appropriations (outflows): | | | | |
| Current: | | | | |
| Public ways and facilities | 6,027,817 | 6,027,817 | 10,581,565 | (4,553,748) |
| Capital outlay | 9,934,170 | 9,934,170 | -- | 9,934,170 |
| Total charges to appropriation | <u>15,961,987</u> | <u>15,961,987</u> | <u>10,581,565</u> | <u>5,380,422</u> |
| Budgetary fund balances, June 30 | <u>\$ 2,403,164</u> | <u>\$ 2,977,887</u> | <u>\$ 7,547,010</u> | <u>\$ 4,569,123</u> |

COUNTY OF LASSEN

Budgetary Comparison Schedule
Health and Human Services Fund
For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts | Variance with |
|--|------------------|--------------|-------------------|--|
| | Original | Final | (Budgetary Basis) | Final Budget Positive (Negative) |
| Budgetary fund balances, July 1 | \$ 2,187,963 | \$ 2,187,963 | \$ 2,187,963 | \$ -- |
| Resources (inflows): | | | | |
| Licenses and permits | 3,000 | 3,000 | 3,519 | 519 |
| Fines, forfeitures and penalties | 12,225 | 12,225 | 24,277 | 12,052 |
| Use of money and property | 6,601 | 6,601 | 70,182 | 63,581 |
| Intergovernmental | 5,298,861 | 5,386,419 | 4,256,742 | (1,129,677) |
| Charges for services | 912,989 | 903,529 | 1,002,294 | 98,765 |
| Other revenues | 394,298 | 396,298 | 56,133 | (340,165) |
| Other financing sources | 2,858,496 | 3,188,510 | 2,713,361 | (475,149) |
| Amounts available for appropriation | 9,486,470 | 9,896,582 | 8,126,508 | (1,770,074) |
| Charges to appropriations (outflows): | | | | |
| Current: | | | | |
| Public protection | 211,707 | 211,707 | 206,688 | 5,019 |
| Health and sanitation | 7,995,290 | 8,366,911 | 7,887,294 | 479,617 |
| Public assistance | 842,121 | 842,121 | 746,113 | 96,008 |
| Other financing uses | 391,676 | 395,457 | -- | 395,457 |
| Total charges to appropriation | 9,440,794 | 9,816,196 | 8,840,095 | 976,101 |
| Budgetary fund balances, June 30 | \$ 2,233,639 | \$ 2,268,349 | \$ 1,474,376 | \$ (793,973) |
| <u>Sources/inflows of resources</u> | | | | |
| Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison statement | | | | \$ 8,126,508 |
| Differences - budget to GAAP: | | | | |
| Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes | | | | (2,713,361) |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | | | | \$ 5,413,147 |

COUNTY OF LASSEN

Budgetary Comparison Schedule
Welfare
For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts | Variance with |
|--|------------------|--------------|-------------------|--|
| | Original | Final | (Budgetary Basis) | Final Budget Positive (Negative) |
| Budgetary fund balances, July 1 | \$ 1,128,454 | \$ 1,128,454 | \$ 1,128,454 | \$ -- |
| Resources (inflows): | | | | |
| Intergovernmental | 12,703,219 | 12,703,219 | 10,208,173 | (2,495,046) |
| Use of money and property | -- | -- | 38,148 | 38,148 |
| Charges for services | -- | -- | 320 | 320 |
| Other revenues | 260,000 | 260,000 | 235,823 | (24,177) |
| Other financing sources | 2,887,197 | 2,887,197 | 2,826,593 | (60,604) |
| Amounts available for appropriation | 15,850,416 | 15,850,416 | 13,309,057 | (2,541,359) |
| Charges to appropriations (outflows): | | | | |
| Current: | | | | |
| Public assistance | 15,889,347 | 15,670,333 | 13,229,956 | 2,440,377 |
| Capital outlay | 130,000 | 114,000 | -- | 114,000 |
| Total charges to appropriation | 16,019,347 | 15,784,333 | 13,229,956 | 2,554,377 |
| Budgetary fund balances, June 30 | \$ 959,523 | \$ 1,194,537 | \$ 1,207,555 | \$ 13,018 |
| <u>Sources/inflows of resources</u> | | | | |
| Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison statement | | | | \$ 13,309,057 |
| Differences - budget to GAAP: | | | | |
| Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes | | | | (2,826,593) |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | | | | \$ 10,482,464 |

COUNTY OF LASSEN

Budgetary Comparison Schedule
Public Safety Fund
For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|------------------|--------------|-------------------------------------|---|
| | Original | Final | | (Negative) |
| Budgetary fund balances, July 1 | \$ 1,094,117 | \$ 1,094,117 | \$ 1,094,117 | \$ -- |
| Resources (inflows): | | | | |
| Taxes | 1,495,000 | 1,495,000 | 1,374,375 | (120,625) |
| Licenses and permits | 5,250 | 5,250 | 6,819 | 1,569 |
| Fines, forfeitures and penalties | 8,000 | 8,000 | 83,780 | 75,780 |
| Use of money and property | 7,000 | 7,000 | 32,832 | 25,832 |
| Intergovernmental | 5,053,474 | 5,068,974 | 2,368,037 | (2,700,937) |
| Charges for services | 539,886 | 539,886 | 2,741,429 | 2,201,543 |
| Other revenues | 20,000 | 20,000 | 12,943 | (7,057) |
| Other financing sources | 6,268,952 | 6,298,952 | 5,197,743 | (1,101,209) |
| Amounts available for appropriation | 13,397,562 | 13,443,062 | 11,817,958 | (1,625,104) |
| Charges to appropriations (outflows): | | | | |
| Current: | | | | |
| Public protection | 12,932,144 | 12,982,644 | 11,487,574 | 1,495,070 |
| Other financing uses | 782,891 | 782,891 | 4,027 | 778,864 |
| Total charges to appropriation | 13,715,035 | 13,765,535 | 11,491,601 | 2,273,934 |
| Budgetary fund balances, June 30 | \$ 776,644 | \$ 771,644 | \$ 1,420,474 | \$ 648,830 |
| <u>Sources/inflows of resources</u> | | | | |
| Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison statement | | | | \$ 11,817,958 |
| Differences - budget to GAAP: | | | | |
| Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes | | | | (5,197,743) |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | | | | \$ 6,620,215 |
| <u>Uses/outflows of resources</u> | | | | |
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement | | | | \$ 11,491,601 |
| Differences - budget to GAAP: | | | | |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for budgetary purposes | | | | (4,027) |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | | | | \$ 11,487,574 |

COUNTY OF LASSEN

Budgetary Comparison Schedule
Community Development CDBG Fund
For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|------------------|--------------|-------------------------------------|---|
| | Original | Final | | (Negative) |
| Budgetary fund balances, July 1 | \$ 1,673,005 | \$ 1,673,005 | \$ 1,673,005 | \$ -- |
| Resources (inflows): | | | | |
| Use of money and property | 20,000 | 20,000 | 44,364 | 24,364 |
| Intergovernmental | 2,578,116 | 2,578,116 | 179,287 | (2,398,829) |
| Charges for services | -- | -- | 2,484 | 2,484 |
| Other financing sources | 82,540 | 82,540 | 38,732 | (43,808) |
| Amounts available for appropriation | 2,680,656 | 2,680,656 | 264,867 | (2,415,789) |
| Charges to appropriations (outflows): | | | | |
| Current: | | | | |
| Public assistance | 98,330 | 618,330 | 909,318 | (290,988) |
| Total charges to appropriation | 98,330 | 618,330 | 909,318 | (290,988) |
| Budgetary fund balances, June 30 | \$ 4,255,331 | \$ 3,735,331 | \$ 1,028,554 | \$ (2,706,777) |
| <u>Sources/inflows of resources</u> | | | | |
| Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison statement | | | | \$ 264,867 |
| Differences - budget to GAAP: | | | | |
| Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes | | | | (38,732) |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | | | | \$ 226,135 |

COUNTY OF LASSEN

Note to Required Supplementary Information For the Year Ended June 30, 2009

BUDGETARY BASIS OF ACCOUNTING

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before October 2nd. Budgeted expenditures are enacted into law through the passage of an Appropriation Resolution. This resolution mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

An operating budget is adopted each fiscal year for all Governmental Funds. Expenditures are controlled at the major categories level within budget units for the County. The object level within a budget unit is the level at which expenditures may not legally exceed appropriations. Supplementary appropriations normally financed by unanticipated revenues during the year must be approved by the Board of Supervisors. Budgeted amounts in the budgetary financial schedules are reported as originally adopted and amended during the fiscal year by four-fifths vote of the Board of Supervisors.

The County uses an encumbrance system as an extension of normal budgetary accounting for the general, special revenue and capital project funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as reservations of fund balance since they do not constitute expenditures or liabilities. Encumbrances are combined with expenditures for budgetary comparison purposes. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward in the ensuing year's budget.

The budget approved by the Board of Supervisors for the general fund includes budgeted expenditures and reimbursements for amounts disbursed on behalf of other Governmental Funds. Actual reimbursements for these items have been eliminated in the accompanying budgetary financial schedules. Accordingly, the related budgets for these items have also been eliminated in order to provide a meaningful comparison of actual and budgeted results of operations.

The budgets for the governmental funds may include an object level known as "intrafund transfers" in the charges for appropriations. This object level is an accounting mechanism used by the County to show reimbursements between operations within the same fund.

The Community Development Fund had excess expenditures over budget of \$290,988.

SUPPLEMENTAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

COUNTY OF LASSEN

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2009

| | Special Revenue | | | | |
|--------------------------------------|-------------------------------|------------------------|----------------------------------|--------------------------------|---------------------|
| | Retiree Health Benefits | Fish & Game Fund | Mental Health Services Act | Property Tax Administration | General Contract |
| <u>Assets</u> | | | | | |
| Cash and investments | \$ 2,611,167 | \$ 3,638 | \$ 1,044,971 | \$ 100,046 | \$ 408,206 |
| Cash with fiscal agent | -- | -- | -- | -- | -- |
| Due from other governmental entities | -- | -- | -- | -- | -- |
| Due from other funds | -- | -- | -- | -- | -- |
| Advances to other funds | -- | -- | -- | -- | -- |
| Deposits with others | -- | -- | -- | -- | -- |
| Prepaid expenses | -- | -- | -- | -- | -- |
| | <u>\$ 2,611,167</u> | <u>\$ 3,638</u> | <u>\$ 1,044,971</u> | <u>\$ 100,046</u> | <u>\$ 408,206</u> |
| Total Assets | <u>\$ 2,611,167</u> | <u>\$ 3,638</u> | <u>\$ 1,044,971</u> | <u>\$ 100,046</u> | <u>\$ 408,206</u> |
| <u>Liabilities</u> | | | | | |
| Accrued salaries | \$ -- | \$ -- | \$ 21,904 | \$ -- | \$ 1,571 |
| Due to other governmental entities | -- | -- | -- | -- | -- |
| Due to other funds | -- | -- | -- | -- | -- |
| Advances from other funds | -- | -- | -- | -- | -- |
| Deferred revenue | -- | -- | -- | -- | -- |
| | <u>--</u> | <u>--</u> | <u>21,904</u> | <u>--</u> | <u>1,571</u> |
| Total Liabilities | <u>--</u> | <u>--</u> | <u>21,904</u> | <u>--</u> | <u>1,571</u> |
| <u>Fund Balances</u> | | | | | |
| Reserved: | | | | | |
| Prepaid expenses | -- | -- | -- | -- | -- |
| Advances and deposits | -- | -- | -- | -- | -- |
| Unreserved: | | | | | |
| Designated | 2,611,167 | 3,638 | 1,023,067 | 100,046 | 406,635 |
| Undesignated | -- | -- | -- | -- | -- |
| | <u>2,611,167</u> | <u>3,638</u> | <u>1,023,067</u> | <u>100,046</u> | <u>406,635</u> |
| Total Fund Balances | <u>2,611,167</u> | <u>3,638</u> | <u>1,023,067</u> | <u>100,046</u> | <u>406,635</u> |
| Total Liabilities and Fund Balances | <u>\$ 2,611,167</u> | <u>\$ 3,638</u> | <u>\$ 1,044,971</u> | <u>\$ 100,046</u> | <u>\$ 408,206</u> |

continued

COUNTY OF LASSEN

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2009

| | Special Revenue | | | |
|---|----------------------|-----------------------|-----------------------|----------------------|
| | Cemetery Fund | Aviation Fund | Air Pollution Fund | Vital Statistics |
| <u>Assets</u> | | | | |
| Cash and investments | \$ 66,176 | \$ 522,742 | \$ 41,794 | \$ 49,315 |
| Cash with fiscal agent | -- | -- | -- | -- |
| Due from other governmental entities | -- | -- | -- | -- |
| Due from other funds | -- | -- | -- | -- |
| Advances to other funds | -- | -- | -- | -- |
| Deposits with others | -- | -- | -- | -- |
| Prepaid expenses | -- | -- | -- | -- |
| Total Assets | <u>\$ 66,176</u> | <u>\$ 522,742</u> | <u>\$ 41,794</u> | <u>\$ 49,315</u> |
| <u>Liabilities</u> | | | | |
| Accrued salaries | \$ 4,952 | \$ 477 | \$ 4,259 | \$ -- |
| Due to other governmental entities | -- | -- | -- | -- |
| Due to other funds | -- | -- | -- | -- |
| Advances from other funds | -- | -- | -- | -- |
| Deferred revenue | -- | -- | -- | -- |
| Total Liabilities | <u>4,952</u> | <u>477</u> | <u>4,259</u> | <u>--</u> |
| <u>Fund Balances</u> | | | | |
| Reserved: | | | | |
| Prepaid expenses | -- | -- | -- | -- |
| Advances and deposits | -- | -- | -- | -- |
| Unreserved: | | | | |
| Designated | 61,224 | 522,265 | 37,535 | 49,315 |
| Undesignated | -- | -- | -- | -- |
| Total Fund Balances | <u>61,224</u> | <u>522,265</u> | <u>37,535</u> | <u>49,315</u> |
| Total Liabilities and Fund Balances | <u>\$ 66,176</u> | <u>\$ 522,742</u> | <u>\$ 41,794</u> | <u>\$ 49,315</u> |

continued

COUNTY OF LASSEN

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2009

| | Special Revenue | | | |
|--------------------------------------|---------------------------|---------------------------|-------------------|----------------------------|
| | Recorder Micrographics | Recorder Modernization | Recorder AB130 | Inmate Welfare State |
| <u>Assets</u> | | | | |
| Cash and investments | \$ 175,730 | \$ 176,361 | \$ 41,590 | \$ 95,063 |
| Cash with fiscal agent | -- | -- | -- | -- |
| Due from other governmental entities | -- | -- | -- | -- |
| Due from other funds | -- | -- | -- | -- |
| Advances to other funds | -- | -- | -- | -- |
| Deposits with others | -- | -- | -- | -- |
| Prepaid expenses | -- | -- | -- | -- |
| Total Assets | <u>\$ 175,730</u> | <u>\$ 176,361</u> | <u>\$ 41,590</u> | <u>\$ 95,063</u> |
| <u>Liabilities</u> | | | | |
| Accrued salaries | \$ -- | \$ -- | \$ -- | \$ 2,752 |
| Due to other governmental entities | -- | -- | -- | 12,198 |
| Due to other funds | -- | -- | -- | -- |
| Advances from other funds | -- | -- | -- | -- |
| Deferred revenue | -- | -- | -- | -- |
| Total Liabilities | <u>--</u> | <u>--</u> | <u>--</u> | <u>14,950</u> |
| <u>Fund Balances</u> | | | | |
| Reserved: | | | | |
| Prepaid expenses | -- | -- | -- | -- |
| Advances and deposits | -- | -- | -- | -- |
| Unreserved: | | | | |
| Designated | 175,730 | 176,361 | 41,590 | 80,113 |
| Undesignated | -- | -- | -- | -- |
| Total Fund Balances | <u>175,730</u> | <u>176,361</u> | <u>41,590</u> | <u>80,113</u> |
| Total Liabilities and Fund Balances | <u>\$ 175,730</u> | <u>\$ 176,361</u> | <u>\$ 41,590</u> | <u>\$ 95,063</u> |

continued

COUNTY OF LASSEN

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2009

| | Special Revenue | | | | |
|--------------------------------------|-----------------------------|--------------------------------|-------------------------------|----------------------|-------------------|
| | Inmate Welfare County | Bieber Lighting District | Lassen-Modoc Flood Fund | Natural Resources | Geothermal |
| <u>Assets</u> | | | | | |
| Cash and investments | \$ 200,053 | \$ 30,056 | \$ 183,367 | \$ 64,589 | \$ 119,904 |
| Cash with fiscal agent | -- | -- | -- | -- | -- |
| Due from other governmental entities | -- | -- | -- | -- | -- |
| Due from other funds | -- | -- | -- | -- | -- |
| Advances to other funds | -- | -- | -- | -- | -- |
| Deposits with others | -- | -- | -- | -- | -- |
| Prepaid expenses | -- | -- | -- | -- | -- |
| Total Assets | <u>\$ 200,053</u> | <u>\$ 30,056</u> | <u>\$ 183,367</u> | <u>\$ 64,589</u> | <u>\$ 119,904</u> |
| <u>Liabilities</u> | | | | | |
| Accrued salaries | \$ 3,104 | \$ -- | \$ -- | \$ 2,374 | \$ -- |
| Due to other governmental entities | -- | -- | -- | -- | -- |
| Due to other funds | -- | -- | -- | -- | -- |
| Advances from other funds | -- | -- | -- | -- | -- |
| Deferred revenue | -- | -- | -- | -- | -- |
| Total Liabilities | <u>3,104</u> | <u>--</u> | <u>--</u> | <u>2,374</u> | <u>--</u> |
| <u>Fund Balances</u> | | | | | |
| Reserved: | | | | | |
| Prepaid expenses | -- | -- | -- | -- | -- |
| Advances and deposits | -- | -- | -- | -- | -- |
| Unreserved: | | | | | |
| Designated | 196,949 | 30,056 | 183,367 | 62,215 | 119,904 |
| Undesignated | -- | -- | -- | -- | -- |
| Total Fund Balances | <u>196,949</u> | <u>30,056</u> | <u>183,367</u> | <u>62,215</u> | <u>119,904</u> |
| Total Liabilities and Fund Balances | <u>\$ 200,053</u> | <u>\$ 30,056</u> | <u>\$ 183,367</u> | <u>\$ 64,589</u> | <u>\$ 119,904</u> |

continued

COUNTY OF LASSEN

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2009

| | Special Revenue | | | |
|--------------------------------------|------------------------------------|----------------------|------------------|-------------------|
| | Health & Welfare Realignment | Housing Authority | Fair | USDA Title III |
| <u>Assets</u> | | | | |
| Cash and investments | \$ 2,934,483 | \$ -- | \$ 30,907 | \$ 134,645 |
| Cash with fiscal agent | -- | -- | -- | -- |
| Due from other governmental entities | 128,746 | -- | -- | -- |
| Due from other funds | 56,029 | -- | -- | -- |
| Advances to other funds | -- | -- | -- | -- |
| Deposits with others | -- | -- | -- | -- |
| Prepaid expenses | -- | -- | -- | -- |
| | <u>\$ 3,119,258</u> | <u>\$ --</u> | <u>\$ 30,907</u> | <u>\$ 134,645</u> |
| Total Assets | <u>\$ 3,119,258</u> | <u>\$ --</u> | <u>\$ 30,907</u> | <u>\$ 134,645</u> |
| <u>Liabilities</u> | | | | |
| Accrued salaries | \$ -- | \$ -- | \$ 14,210 | \$ -- |
| Due to other governmental entities | -- | -- | -- | -- |
| Due to other funds | -- | -- | -- | -- |
| Advances from other funds | -- | -- | -- | -- |
| Deferred revenue | -- | -- | -- | -- |
| | <u>--</u> | <u>--</u> | <u>14,210</u> | <u>--</u> |
| Total Liabilities | <u>--</u> | <u>--</u> | <u>14,210</u> | <u>--</u> |
| <u>Fund Balances</u> | | | | |
| Reserved: | | | | |
| Prepaid expenses | -- | -- | -- | -- |
| Advances and deposits | -- | -- | -- | -- |
| Unreserved: | | | | |
| Designated | 3,119,258 | -- | 16,697 | 134,645 |
| Undesignated | -- | -- | -- | -- |
| | <u>3,119,258</u> | <u>--</u> | <u>16,697</u> | <u>134,645</u> |
| Total Fund Balances | <u>3,119,258</u> | <u>--</u> | <u>16,697</u> | <u>134,645</u> |
| Total Liabilities and Fund Balances | <u>\$ 3,119,258</u> | <u>\$ --</u> | <u>\$ 30,907</u> | <u>\$ 134,645</u> |

continued

COUNTY OF LASSEN

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2009

| | Special Revenue | | | Special Revenue Total |
|---|-----------------------|------------------------|-----------------------|-----------------------------|
| | Probation Fund | Probation Contracts | Child Support | |
| <u>Assets</u> | | | | |
| Cash and investments | \$ 420,078 | \$ 8,956 | \$ -- | \$ 9,463,837 |
| Cash with fiscal agent | -- | -- | -- | -- |
| Due from other governmental entities | 110,054 | 12,660 | 80,000 | 331,460 |
| Due from other funds | 10,602 | -- | -- | 66,631 |
| Advances to other funds | -- | -- | -- | -- |
| Deposits with others | -- | -- | -- | -- |
| Prepaid expenses | -- | -- | 109,236 | 109,236 |
| Total Assets | <u>\$ 540,734</u> | <u>\$ 21,616</u> | <u>\$ 189,236</u> | <u>\$ 9,971,164</u> |
| <u>Liabilities</u> | | | | |
| Accrued salaries | \$ 86,527 | \$ 5,953 | \$ 34,258 | \$ 182,341 |
| Due to other governmental entities | -- | -- | -- | 12,198 |
| Due to other funds | -- | -- | 55,026 | 55,026 |
| Advances from other funds | -- | -- | -- | -- |
| Deferred revenue | 29,879 | -- | -- | 29,879 |
| Total Liabilities | <u>116,406</u> | <u>5,953</u> | <u>89,284</u> | <u>279,444</u> |
| <u>Fund Balances</u> | | | | |
| Reserved: | | | | |
| Prepaid expenses | -- | -- | 109,236 | 109,236 |
| Advances and deposits | -- | -- | -- | -- |
| Unreserved: | | | | |
| Designated | 424,328 | 15,663 | -- | 9,591,768 |
| Undesignated | -- | -- | (9,284) | (9,284) |
| Total Fund Balances | <u>424,328</u> | <u>15,663</u> | <u>99,952</u> | <u>9,691,720</u> |
| Total Liabilities and Fund Balances | <u>\$ 540,734</u> | <u>\$ 21,616</u> | <u>\$ 189,236</u> | <u>\$ 9,971,164</u> |

continued

COUNTY OF LASSEN

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2009

| | Capital Projects | | | | |
|--|--|-------------------------|---|----------------------------------|---------------------------|
| | Criminal Justice Facility Construction | Capital Improvements | CCC Mitigation Capital Improvements | Accumulated Capital Outlay | Couthouse Construction |
| <u>Assets</u> | | | | | |
| Cash and investments | \$ 1,964,404 | \$ -- | \$ 592,362 | \$ 729,066 | \$ -- |
| Cash with fiscal agent | -- | -- | -- | -- | -- |
| Due from other governmental entities | -- | 101,733 | -- | -- | -- |
| Due from other funds | -- | -- | -- | -- | -- |
| Advances to other funds | -- | -- | 350,000 | -- | -- |
| Deposits with others | -- | -- | -- | -- | -- |
| Prepaid expenses | -- | -- | -- | -- | -- |
| Total Assets | \$ 1,964,404 | \$ 101,733 | \$ 942,362 | \$ 729,066 | \$ -- |
| <u>Liabilities</u> | | | | | |
| Accrued salaries | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- |
| Due to other governmental entities | -- | -- | -- | -- | -- |
| Due to other funds | -- | 22,359 | -- | -- | -- |
| Advances from other funds | -- | -- | -- | -- | -- |
| Deferred revenue | -- | -- | -- | -- | -- |
| Total Liabilities | -- | 22,359 | -- | -- | -- |
| <u>Fund Balances</u> | | | | | |
| Reserved: | | | | | |
| Prepaid expenses | -- | -- | -- | -- | -- |
| Advances and deposits | -- | -- | 350,000 | -- | -- |
| Unreserved: | | | | | |
| Designated | 1,964,404 | 79,374 | 592,362 | 729,066 | -- |
| Undesignated | -- | -- | -- | -- | -- |
| Total Fund Balances | 1,964,404 | 79,374 | 942,362 | 729,066 | -- |
| Total Liabilities and Fund Balances | \$ 1,964,404 | \$ 101,733 | \$ 942,362 | \$ 729,066 | \$ -- |

continued

COUNTY OF LASSEN

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2009

| | Capital Projects | | | Debt Service Fund | Total Nonmajor Governmental Funds |
|--------------------------------------|---------------------|----------------------|------------------------------|-------------------------|--|
| | Fair Improvement | Sierra Army Depot | Total Capital Projects | | |
| <u>Assets</u> | | | | | |
| Cash and investments | \$ 146,099 | \$ 51,287 | \$ 3,483,218 | \$ 106,403 | \$ 13,053,458 |
| Cash with fiscal agent | -- | -- | -- | 604,615 | 604,615 |
| Due from other governmental entities | -- | -- | 101,733 | -- | 433,193 |
| Due from other funds | -- | -- | -- | -- | 66,631 |
| Advances to other funds | -- | -- | 350,000 | -- | 350,000 |
| Deposits with others | 141,954 | -- | 141,954 | -- | 141,954 |
| Prepaid expenses | -- | -- | -- | -- | 109,236 |
| | <u>\$ 288,053</u> | <u>\$ 51,287</u> | <u>\$ 4,076,905</u> | <u>\$ 711,018</u> | <u>\$ 14,759,087</u> |
| Total Assets | | | | | |
| <u>Liabilities</u> | | | | | |
| Accrued salaries | \$ -- | \$ -- | \$ -- | \$ -- | \$ 182,341 |
| Due to other governmental entities | -- | -- | -- | -- | 12,198 |
| Due to other funds | -- | -- | 22,359 | -- | 77,385 |
| Advances from other funds | -- | 615,000 | 615,000 | -- | 615,000 |
| Deferred revenue | -- | -- | -- | -- | 29,879 |
| | <u>--</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>29,879</u> |
| Total Liabilities | <u>--</u> | <u>615,000</u> | <u>637,359</u> | <u>--</u> | <u>916,803</u> |
| <u>Fund Balances</u> | | | | | |
| Reserved: | | | | | |
| Prepaid expenses | -- | -- | -- | -- | 109,236 |
| Advances and deposits | 141,954 | -- | 491,954 | -- | 491,954 |
| Unreserved: | | | | | |
| Designated | 146,099 | -- | 3,511,305 | -- | 13,103,073 |
| Undesignated | -- | (563,713) | (563,713) | 711,018 | 138,021 |
| | <u>--</u> | <u>(563,713)</u> | <u>(563,713)</u> | <u>711,018</u> | <u>138,021</u> |
| Total Fund Balances | <u>288,053</u> | <u>(563,713)</u> | <u>3,439,546</u> | <u>711,018</u> | <u>13,842,284</u> |
| Total Liabilities and Fund Balances | <u>\$ 288,053</u> | <u>\$ 51,287</u> | <u>\$ 4,076,905</u> | <u>\$ 711,018</u> | <u>\$ 14,759,087</u> |

COUNTY OF LASSEN

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

| | Special Revenue | | | | |
|--|-------------------------------|------------------------|----------------------------------|--------------------------------|----------------------|
| | Retiree Health Benefits | Fish & Game Fund | Mental Health Services Act | Property Tax Administration | General Contracts |
| Revenues: | | | | | |
| Taxes | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- |
| Licenses and permits | -- | -- | -- | -- | -- |
| Intergovernmental | -- | -- | 1,627,568 | -- | -- |
| Charges for services | -- | -- | 44,008 | 18,521 | 176,601 |
| Fines and forfeitures | -- | 1,287 | -- | 60,391 | -- |
| Use of money and property | 63,524 | -- | 35,202 | 1,516 | 8,956 |
| Other | 58,898 | -- | -- | -- | -- |
| Total Revenues | <u>122,422</u> | <u>1,287</u> | <u>1,706,778</u> | <u>80,428</u> | <u>185,557</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | -- | -- | -- | 19,692 | 60,395 |
| Public protection | -- | 1,750 | -- | -- | -- |
| Public ways and facilities | -- | -- | -- | -- | -- |
| Health and sanitation | -- | -- | 1,077,471 | -- | -- |
| Recreation and culture | -- | -- | -- | -- | -- |
| Debt Service: | | | | | |
| Principal | -- | -- | -- | -- | -- |
| Interest | -- | -- | -- | -- | -- |
| Capital outlay | -- | -- | -- | -- | -- |
| Total Expenditures | <u>--</u> | <u>1,750</u> | <u>1,077,471</u> | <u>19,692</u> | <u>60,395</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>122,422</u> | <u>(463)</u> | <u>629,307</u> | <u>60,736</u> | <u>125,162</u> |
| Other Financing Sources (Uses): | | | | | |
| Transfers in | 350,000 | -- | -- | -- | -- |
| Transfers out | -- | -- | (339,232) | (15,000) | -- |
| Total Other Financing Sources (Uses) | <u>350,000</u> | <u>--</u> | <u>(339,232)</u> | <u>(15,000)</u> | <u>--</u> |
| Net Changes in Fund Balances | 472,422 | (463) | 290,075 | 45,736 | 125,162 |
| Fund Balances, Beginning of Year, restated | <u>2,138,745</u> | <u>4,101</u> | <u>732,992</u> | <u>54,310</u> | <u>281,473</u> |
| Fund Balances, End of Year | <u>\$ 2,611,167</u> | <u>\$ 3,638</u> | <u>\$ 1,023,067</u> | <u>\$ 100,046</u> | <u>\$ 406,635</u> |

continued

COUNTY OF LASSEN

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

| | Special Revenue | | | |
|--|------------------|-------------------|-----------------------|---------------------|
| | Cemetery Fund | Aviation Fund | Air Pollution Fund | Vital Statistics |
| Revenues: | | | | |
| Taxes | \$ 113,949 | \$ -- | \$ 14,082 | \$ -- |
| Licenses and permits | 1,019 | -- | 56,106 | -- |
| Intergovernmental | 1,995 | 40,000 | 133,457 | -- |
| Charges for services | -- | -- | -- | 5,019 |
| Fines and forfeitures | -- | -- | -- | -- |
| Use of money and property | 1,496 | 14,124 | 1,570 | 1,366 |
| Other | 28,460 | -- | -- | -- |
| Total Revenues | <u>146,919</u> | <u>54,124</u> | <u>205,215</u> | <u>6,385</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | -- | -- | -- | -- |
| Public protection | 131,109 | -- | -- | 2,943 |
| Public ways and facilities | -- | 25,040 | -- | -- |
| Health and sanitation | -- | -- | 181,158 | -- |
| Recreation and culture | -- | -- | -- | -- |
| Debt Service: | | | | |
| Principal | -- | -- | -- | -- |
| Interest | -- | -- | -- | -- |
| Capital outlay | -- | -- | -- | -- |
| Total Expenditures | <u>131,109</u> | <u>25,040</u> | <u>181,158</u> | <u>2,943</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>15,810</u> | <u>29,084</u> | <u>24,057</u> | <u>3,442</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | -- | -- | -- | -- |
| Transfers out | -- | -- | -- | -- |
| Total Other Financing Sources (Uses) | <u>--</u> | <u>--</u> | <u>--</u> | <u>--</u> |
| Net Changes in Fund Balances | 15,810 | 29,084 | 24,057 | 3,442 |
| Fund Balances, Beginning of Year, restated | <u>45,414</u> | <u>493,181</u> | <u>13,478</u> | <u>45,873</u> |
| Fund Balances, End of Year | <u>\$ 61,224</u> | <u>\$ 522,265</u> | <u>\$ 37,535</u> | <u>\$ 49,315</u> |

continued

COUNTY OF LASSEN

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

| | Special Revenue | | | |
|--|---------------------------|---------------------------|-------------------|----------------------------|
| | Recorder Micrographics | Recorder Modernization | Recorder AB130 | Inmate Welfare State |
| Revenues: | | | | |
| Taxes | \$ -- | \$ -- | \$ -- | \$ -- |
| Licenses and permits | -- | -- | -- | -- |
| Intergovernmental | -- | -- | -- | -- |
| Charges for services | 9,210 | 30,139 | 12,991 | 52,245 |
| Fines and forfeitures | -- | -- | -- | -- |
| Use of money and property | 4,779 | 6,161 | 1,338 | 3,511 |
| Other | -- | -- | -- | 54,898 |
| Total Revenues | <u>13,989</u> | <u>36,300</u> | <u>14,329</u> | <u>110,654</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | -- | -- | -- | -- |
| Public protection | 861 | 100,256 | 336 | 166,000 |
| Public ways and facilities | -- | -- | -- | -- |
| Health and sanitation | -- | -- | -- | -- |
| Recreation and culture | -- | -- | -- | -- |
| Debt Service: | | | | |
| Principal | -- | -- | -- | -- |
| Interest | -- | -- | -- | -- |
| Capital outlay | -- | -- | -- | -- |
| Total Expenditures | <u>861</u> | <u>100,256</u> | <u>336</u> | <u>166,000</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>13,128</u> | <u>(63,956)</u> | <u>13,993</u> | <u>(55,346)</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | -- | -- | -- | -- |
| Transfers out | -- | -- | (21,521) | -- |
| Total Other Financing Sources (Uses) | <u>--</u> | <u>--</u> | <u>(21,521)</u> | <u>--</u> |
| Net Changes in Fund Balances | 13,128 | (63,956) | (7,528) | (55,346) |
| Fund Balances, Beginning of Year, restated | <u>162,602</u> | <u>240,317</u> | <u>49,118</u> | <u>135,459</u> |
| Fund Balances, End of Year | <u>\$ 175,730</u> | <u>\$ 176,361</u> | <u>\$ 41,590</u> | <u>\$ 80,113</u> |

continued

COUNTY OF LASSEN

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

| | Special Revenue | | | | |
|--|-----------------------------|--------------------------------|-------------------------------|----------------------|-------------------|
| | Inmate Welfare County | Bieber Lighting District | Lassen-Modoc Flood Fund | Natural Resources | Geothermal |
| Revenues: | | | | | |
| Taxes | \$ -- | \$ 3,109 | \$ 9,788 | \$ -- | \$ -- |
| Licenses and permits | -- | -- | -- | -- | -- |
| Intergovernmental | -- | 54 | 162 | 42,500 | 27,436 |
| Charges for services | 52,244 | -- | -- | -- | -- |
| Fines and forfeitures | -- | -- | -- | -- | -- |
| Use of money and property | 5,754 | 835 | 5,512 | 1,506 | 2,901 |
| Other | 68,437 | -- | -- | 501 | -- |
| Total Revenues | <u>126,435</u> | <u>3,998</u> | <u>15,462</u> | <u>44,507</u> | <u>30,337</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | -- | -- | -- | -- | -- |
| Public protection | 133,448 | -- | 39,316 | -- | -- |
| Public ways and facilities | -- | 2,638 | -- | -- | -- |
| Health and sanitation | -- | -- | -- | -- | -- |
| Recreation and culture | -- | -- | -- | 66,262 | -- |
| Debt Service: | | | | | |
| Principal | -- | -- | -- | -- | -- |
| Interest | -- | -- | -- | -- | -- |
| Capital outlay | -- | -- | -- | -- | -- |
| Total Expenditures | <u>133,448</u> | <u>2,638</u> | <u>39,316</u> | <u>66,262</u> | <u>--</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(7,013)</u> | <u>1,360</u> | <u>(23,854)</u> | <u>(21,755)</u> | <u>30,337</u> |
| Other Financing Sources (Uses): | | | | | |
| Transfers in | -- | -- | -- | 20,000 | -- |
| Transfers out | -- | -- | -- | -- | -- |
| Total Other Financing Sources (Uses) | <u>--</u> | <u>--</u> | <u>--</u> | <u>20,000</u> | <u>--</u> |
| Net Changes in Fund Balances | (7,013) | 1,360 | (23,854) | (1,755) | 30,337 |
| Fund Balances, Beginning of Year, restated | <u>203,962</u> | <u>28,696</u> | <u>207,221</u> | <u>63,970</u> | <u>89,567</u> |
| Fund Balances, End of Year | <u>\$ 196,949</u> | <u>\$ 30,056</u> | <u>\$ 183,367</u> | <u>\$ 62,215</u> | <u>\$ 119,904</u> |

continued

COUNTY OF LASSEN

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

| | Special Revenue | | | |
|--|------------------------------------|----------------------|-----------|-------------------|
| | Health & Welfare Realignment | Housing Authority | Fair | USDA Title III |
| Revenues: | | | | |
| Taxes | \$ 3,001,892 | \$ -- | \$ -- | \$ -- |
| Licenses and permits | -- | -- | -- | -- |
| Intergovernmental | -- | -- | 150,000 | -- |
| Charges for services | -- | -- | -- | -- |
| Fines and forfeitures | -- | -- | -- | -- |
| Use of money and property | 101,803 | 68 | 509,272 | 7,999 |
| Other | -- | 3,373 | 180 | -- |
| Total Revenues | 3,103,695 | 3,441 | 659,452 | 7,999 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | -- | -- | 675,885 | -- |
| Public protection | -- | 3,441 | -- | 237,463 |
| Public ways and facilities | -- | -- | -- | -- |
| Health and sanitation | 760,351 | -- | -- | -- |
| Recreation and culture | -- | -- | -- | -- |
| Debt Service: | | | | |
| Principal | -- | -- | -- | -- |
| Interest | -- | -- | -- | -- |
| Capital outlay | -- | -- | -- | -- |
| Total Expenditures | 760,351 | 3,441 | 675,885 | 237,463 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 2,343,344 | -- | (16,433) | (229,464) |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 2,217,570 | -- | -- | -- |
| Transfers out | (4,912,043) | -- | -- | -- |
| Total Other Financing Sources (Uses) | (2,694,473) | -- | -- | -- |
| Net Changes in Fund Balances | (351,129) | -- | (16,433) | (229,464) |
| Fund Balances, Beginning of Year, restated | 3,470,387 | -- | 33,130 | 364,109 |
| Fund Balances, End of Year | \$ 3,119,258 | \$ -- | \$ 16,697 | \$ 134,645 |

continued

COUNTY OF LASSEN

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

| | Special Revenue | | | |
|--|-------------------|------------------------|------------------|-----------------------------|
| | Probation Fund | Probation Contracts | Child Support | Total Special Revenue |
| Revenues: | | | | |
| Taxes | \$ -- | \$ -- | \$ -- | \$ 3,142,820 |
| Licenses and permits | -- | -- | -- | 57,125 |
| Intergovernmental | 911,864 | 71,048 | 1,092,427 | 4,098,511 |
| Charges for services | 95,918 | 87,500 | -- | 584,396 |
| Fines and forfeitures | 758,588 | -- | -- | 820,266 |
| Use of money and property | 14,817 | 592 | 13,050 | 807,652 |
| Other | 2,856 | -- | -- | 217,603 |
| Total Revenues | 1,784,043 | 159,140 | 1,105,477 | 9,728,373 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | -- | -- | -- | 755,972 |
| Public protection | 2,571,474 | 171,627 | 999,217 | 4,559,241 |
| Public ways and facilities | -- | -- | -- | 27,678 |
| Health and sanitation | -- | -- | -- | 2,018,980 |
| Recreation and culture | -- | -- | -- | 66,262 |
| Debt Service: | | | | |
| Principal | -- | -- | -- | -- |
| Interest | -- | -- | -- | -- |
| Capital outlay | -- | -- | -- | -- |
| Total Expenditures | 2,571,474 | 171,627 | 999,217 | 7,428,133 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (787,431) | (12,487) | 106,260 | 2,300,240 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 1,097,868 | -- | -- | 3,685,438 |
| Transfers out | -- | -- | -- | (5,287,796) |
| Total Other Financing Sources (Uses) | 1,097,868 | -- | -- | (1,602,358) |
| Net Changes in Fund Balances | 310,437 | (12,487) | 106,260 | 697,882 |
| Fund Balances, Beginning of Year, restated | 113,891 | 28,150 | (6,308) | 8,993,838 |
| Fund Balances, End of Year | \$ 424,328 | \$ 15,663 | \$ 99,952 | \$ 9,691,720 |

continued

COUNTY OF LASSEN

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

| | Capital Projects | | | | |
|--|---|-------------------------|--|----------------------------------|---------------------------|
| | Criminal Justice Facility Construction | Capital Improvements | CCC Mitigation Capital Improvements | Accumulated Capital Outlay | Couthouse Construction |
| Revenues: | | | | | |
| Taxes | \$ -- | \$ -- | \$ -- | \$ 237,586 | \$ -- |
| Licenses and permits | -- | -- | -- | -- | -- |
| Intergovernmental | -- | 468,109 | -- | 4,159 | -- |
| Charges for services | -- | -- | -- | -- | -- |
| Fines and forfeitures | 84,392 | -- | -- | -- | 240,192 |
| Use of money and property | 34,733 | (1,074) | 18,235 | -- | 17,449 |
| Other | -- | -- | -- | 8,555 | -- |
| Total Revenues | <u>119,125</u> | <u>467,035</u> | <u>18,235</u> | <u>250,300</u> | <u>257,641</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 26,541 | -- | -- | 39,524 | -- |
| Public protection | -- | -- | -- | -- | -- |
| Public ways and facilities | -- | -- | -- | -- | -- |
| Health and sanitation | -- | -- | -- | -- | -- |
| Recreation and culture | -- | -- | -- | -- | -- |
| Debt Service: | | | | | |
| Principal | -- | -- | -- | -- | -- |
| Interest | -- | -- | -- | -- | -- |
| Capital outlay | 113,371 | 345,041 | -- | 120,806 | -- |
| Total Expenditures | <u>139,912</u> | <u>345,041</u> | <u>--</u> | <u>160,330</u> | <u>--</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(20,787)</u> | <u>121,994</u> | <u>18,235</u> | <u>89,970</u> | <u>257,641</u> |
| Other Financing Sources (Uses): | | | | | |
| Transfers in | 1,310,790 | -- | -- | -- | -- |
| Transfers out | <u>(10,836)</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>(1,310,790)</u> |
| Total Other Financing Sources (Uses) | <u>1,299,954</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>(1,310,790)</u> |
| Net Changes in Fund Balances | 1,279,167 | 121,994 | 18,235 | 89,970 | (1,053,149) |
| Fund Balances, Beginning of Year, restated | <u>685,237</u> | <u>(42,620)</u> | <u>924,127</u> | <u>639,096</u> | <u>1,053,149</u> |
| Fund Balances, End of Year | <u>\$ 1,964,404</u> | <u>\$ 79,374</u> | <u>\$ 942,362</u> | <u>\$ 729,066</u> | <u>\$ --</u> |

continued

COUNTY OF LASSEN

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

| | Capital Projects | | | Debt Service Fund | Total Nonmajor Governmental Funds |
|--|---------------------|----------------------|------------------------------|-------------------------|--|
| | Fair Improvement | Sierra Army Depot | Total Capital Projects | | |
| Revenues: | | | | | |
| Taxes | \$ -- | \$ -- | \$ 237,586 | \$ -- | \$ 3,380,406 |
| Licenses and permits | -- | 18,780 | 18,780 | -- | 75,905 |
| Intergovernmental | 57,516 | -- | 529,784 | -- | 4,628,295 |
| Charges for services | -- | -- | -- | -- | 584,396 |
| Fines and forfeitures | -- | -- | 324,584 | -- | 1,144,850 |
| Use of money and property | 15,243 | 58,239 | 142,825 | 192,916 | 1,143,393 |
| Other | 468,363 | -- | 476,918 | 255 | 694,776 |
| Total Revenues | <u>541,122</u> | <u>77,019</u> | <u>1,730,477</u> | <u>193,171</u> | <u>11,652,021</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 25,158 | 136,450 | 227,673 | -- | 983,645 |
| Public protection | -- | -- | -- | -- | 4,559,241 |
| Public ways and facilities | -- | -- | -- | -- | 27,678 |
| Health and sanitation | -- | -- | -- | -- | 2,018,980 |
| Recreation and culture | -- | -- | -- | -- | 66,262 |
| Debt Service: | | | | | |
| Principal | -- | -- | -- | 600,000 | 600,000 |
| Interest | -- | -- | -- | 43,447 | 43,447 |
| Capital outlay | 421,013 | -- | 1,000,231 | -- | 1,000,231 |
| Total Expenditures | <u>446,171</u> | <u>136,450</u> | <u>1,227,904</u> | <u>643,447</u> | <u>9,299,484</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>94,951</u> | <u>(59,431)</u> | <u>502,573</u> | <u>(450,276)</u> | <u>2,352,537</u> |
| Other Financing Sources (Uses): | | | | | |
| Transfers in | -- | -- | 1,310,790 | -- | 4,996,228 |
| Transfers out | -- | (9,000) | (1,330,626) | -- | (6,618,422) |
| Total Other Financing Sources (Uses) | <u>--</u> | <u>(9,000)</u> | <u>(19,836)</u> | <u>--</u> | <u>(1,622,194)</u> |
| Net Changes in Fund Balances | 94,951 | (68,431) | 482,737 | (450,276) | 730,343 |
| Fund Balances, Beginning of Year, restated | <u>193,102</u> | <u>(495,282)</u> | <u>2,956,809</u> | <u>1,161,294</u> | <u>13,111,941</u> |
| Fund Balances, End of Year | <u>\$ 288,053</u> | <u>\$ (563,713)</u> | <u>\$ 3,439,546</u> | <u>\$ 711,018</u> | <u>\$ 13,842,284</u> |

NONMAJOR ENTERPRISE FUNDS

COUNTY OF LASSEN

Combining Statement of Fund Net Assets
Nonmajor Enterprise Funds
June 30, 2009

| <u>ASSETS</u> | County Service Area (Honey Lake TV) | County Business Park | County Water Systems | Total |
|---|---|----------------------------|----------------------------|---------------------|
| Current assets: | | | | |
| Cash and investments | \$ 198,896 | \$ 44,306 | \$ 12,807 | \$ 256,009 |
| Total current assets | <u>198,896</u> | <u>44,306</u> | <u>12,807</u> | <u>256,009</u> |
| Noncurrent assets: | | | | |
| Capital assets: | | | | |
| Nondepreciable | -- | 317,519 | 25,000 | 342,519 |
| Depreciable, net | 35,040 | 618,519 | -- | 653,559 |
| Total capital assets | <u>35,040</u> | <u>936,038</u> | <u>25,000</u> | <u>996,078</u> |
| Total assets | <u>\$ 233,936</u> | <u>\$ 980,344</u> | <u>\$ 37,807</u> | <u>\$ 1,252,087</u> |
| <u>LIABILITIES</u> | | | | |
| Noncurrent liabilities | | | | |
| Advances from other funds | \$ -- | \$ 20,000 | \$ 65,000 | \$ 85,000 |
| Total liabilities | <u>--</u> | <u>20,000</u> | <u>65,000</u> | <u>85,000</u> |
| <u>NET ASSETS</u> | | | | |
| Investment in capital assets, net of related debt | 35,040 | 936,038 | 25,000 | 996,078 |
| Unrestricted | 198,896 | 24,306 | (52,193) | 171,009 |
| Total net assets | <u>233,936</u> | <u>960,344</u> | <u>(27,193)</u> | <u>1,167,087</u> |
| Total liabilities and net assets | <u>\$ 233,936</u> | <u>\$ 980,344</u> | <u>\$ 37,807</u> | <u>\$ 1,252,087</u> |

COUNTY OF LASSEN

Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2009

| | <u>County Service Area (Honey Lake TV)</u> | <u>County Business Park</u> | <u>County Water Systems</u> | <u>Total</u> |
|--|--|-------------------------------------|-------------------------------------|----------------------|
| Operating Revenues: | | | | |
| Charges for services | \$ 49,807 | \$ -- | \$ 1,126 | \$ 50,933 |
| Other revenue | <u>--</u> | <u>28,346</u> | <u>--</u> | <u>28,346</u> |
| Total Operating Revenues | <u>49,807</u> | <u>28,346</u> | <u>1,126</u> | <u>79,279</u> |
| Operating Expenses: | | | | |
| Services and supplies | 66,637 | 11,369 | 6,605 | 84,611 |
| Depreciation | <u>13,533</u> | <u>20,387</u> | <u>--</u> | <u>33,920</u> |
| Total Operating Expenses | <u>80,170</u> | <u>31,756</u> | <u>6,605</u> | <u>118,531</u> |
| Operating Income (Loss) | <u>(30,363)</u> | <u>(3,410)</u> | <u>(5,479)</u> | <u>(39,252)</u> |
| Non-Operating Revenue (Expenses): | | | | |
| Interest income | <u>6,253</u> | <u>--</u> | <u>630</u> | <u>6,883</u> |
| Total Non-Operating Revenue | <u>6,253</u> | <u>--</u> | <u>630</u> | <u>6,883</u> |
| Net income (loss) before transfers | (24,110) | (3,410) | (4,849) | (32,369) |
| Transfers out | <u>--</u> | <u>(23,732)</u> | <u>(6,000)</u> | <u>(29,732)</u> |
| Change in Net Assets | (24,110) | (27,142) | (10,849) | (62,101) |
| Net Assets - Beginning of Year | <u>258,046</u> | <u>987,486</u> | <u>(16,344)</u> | <u>1,229,188</u> |
| Net Assets - End of Year | <u>\$ 233,936</u> | <u>\$ 960,344</u> | <u>\$ (27,193)</u> | <u>\$ 1,167,087</u> |

COUNTY OF LASSEN

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2009

| | County Service Area (Honey Lake TV) | County Business Park | County Water Systems | Total |
|--|---|----------------------------|----------------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Cash receipts from customers | \$ 49,807 | \$ 28,346 | \$ 1,126 | \$ 79,279 |
| Cash paid to suppliers for goods and services | (66,637) | (11,369) | (6,605) | (84,611) |
| Net Cash Provided (Used) by Operating Activities | (16,830) | 16,977 | (5,479) | (5,332) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| Transfers in (out) | -- | (23,732) | (6,000) | (29,732) |
| Net Cash Provided (Used) by Noncapital Financing Activities | -- | (23,732) | (6,000) | (29,732) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Payment for the acquisition of capital assets | (8,226) | -- | -- | (8,226) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (8,226) | -- | -- | (8,226) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest received | 6,253 | 1 | 630 | 6,884 |
| Net Cash Provided by Investing Activities | 6,253 | 1 | 630 | 6,884 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (18,803) | (6,754) | (10,849) | (36,406) |
| Cash and Cash Equivalents, Beginning of Year | 217,699 | 51,060 | 23,656 | 292,415 |
| Cash and Cash Equivalents, End of Year | <u>\$ 198,896</u> | <u>\$ 44,306</u> | <u>\$ 12,807</u> | <u>\$ 256,009</u> |

continued

COUNTY OF LASSEN

Combining Statement of Cash Flows (continued)
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2009

| | County Service Area (Honey Lake TV) | County Business Park | County Water Systems | Total |
|---|---|----------------------------|----------------------------|-------------------|
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | |
| Operating income (loss) | \$ (30,363) | \$ (3,410) | \$ (5,479) | \$ (39,252) |
| Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities: | | | | |
| Depreciation | 13,533 | 20,387 | -- | 33,920 |
| Net Cash Provided (Used) by Operating Activities | \$ (16,830) | \$ 16,977 | \$ (5,479) | \$ (5,332) |

INTERNAL SERVICE FUNDS

COUNTY OF LASSEN

Combining Statement of Fund Net Assets
Internal Service Funds
June 30, 2009

| <u>ASSETS</u> | <u>Information Services</u> | <u>Fleet Maintenance</u> | <u>Total</u> |
|---|---------------------------------|------------------------------|--------------|
| Current assets: | | | |
| Cash and investments | \$ 8,852 | \$ 649,317 | \$ 658,169 |
| Total current assets | 8,852 | 649,317 | 658,169 |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Depreciable, net | 30,397 | 414,580 | 444,977 |
| Total capital assets | 30,397 | 414,580 | 444,977 |
| Total assets | \$ 39,249 | \$ 1,063,897 | \$ 1,103,146 |
| <u>LIABILITIES</u> | | | |
| Current liabilities: | | | |
| Accounts payable | \$ -- | \$ 19,272 | \$ 19,272 |
| Salaries and benefits payable | 9,612 | 3,351 | 12,963 |
| Total liabilities | 9,612 | 22,623 | 32,235 |
| <u>NET ASSETS</u> | | | |
| Investment in capital assets, net of related debt | 30,397 | 414,580 | 444,977 |
| Unrestricted | (760) | 626,694 | 625,934 |
| Total net assets | 29,637 | 1,041,274 | 1,070,911 |
| Total liabilities and net assets | \$ 39,249 | \$ 1,063,897 | \$ 1,103,146 |

COUNTY OF LASSEN

Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2008

| | Information Services | Fleet Maintenance | Total |
|--|-------------------------|----------------------|--------------|
| Operating Revenues: | | | |
| Charges for services | \$ 377,908 | \$ 784,618 | \$ 1,162,526 |
| Other revenue | -- | 459 | 459 |
| Total Operating Revenues | 377,908 | 785,077 | 1,162,985 |
| Operating Expenses: | | | |
| Salaries and benefits | 210,016 | 75,530 | 285,546 |
| Services and supplies | 156,681 | 442,222 | 598,903 |
| Depreciation | 9,564 | 139,425 | 148,989 |
| Total Operating Expenses | 376,261 | 657,177 | 1,033,438 |
| Operating Income (Loss) | 1,647 | 127,900 | 129,547 |
| Non-Operating Revenue (Expenses): | | | |
| Interest income | 1,653 | 19,374 | 21,027 |
| Gain/(loss) on disposal of assets | -- | 5,637 | 5,637 |
| Total Non-Operating Revenue | 1,653 | 25,011 | 26,664 |
| Change in Net Assets | 3,300 | 152,911 | 156,211 |
| Net Assets - Beginning of Year | 26,337 | 888,363 | 914,700 |
| Net Assets - End of Year | \$ 29,637 | \$ 1,041,274 | \$ 1,070,911 |

COUNTY OF LASSEN

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2009

| | <u>Information Services</u> | <u>Fleet Maintenance</u> | <u>Total</u> |
|---|---------------------------------|------------------------------|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash receipts from customers | \$ 377,908 | \$ 785,077 | 1,162,985 |
| Cash paid to suppliers for goods and services | (156,681) | (430,112) | (586,793) |
| Cash paid to employees for services | <u>(207,602)</u> | <u>(75,239)</u> | <u>(282,841)</u> |
| Net Cash Provided (Used) by Operating Activities | <u>13,625</u> | <u>279,726</u> | <u>293,351</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Payment for the acquisition of capital assets | (26,494) | (260,172) | (286,666) |
| Proceeds from sale of capital assets | <u>--</u> | <u>5,637</u> | <u>5,637</u> |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(26,494)</u> | <u>(254,535)</u> | <u>(281,029)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | <u>1,653</u> | <u>19,374</u> | <u>21,027</u> |
| Net Cash Provided by Investing Activities | <u>1,653</u> | <u>19,374</u> | <u>21,027</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (11,216) | 44,565 | 33,349 |
| Cash and Cash Equivalents, Beginning of Year | <u>20,068</u> | <u>604,752</u> | <u>624,820</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 8,852</u> | <u>\$ 649,317</u> | <u>\$ 658,169</u> |

continued

COUNTY OF LASSEN

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2009

| | Information Services | Fleet Maintenance | Total |
|---|-------------------------|----------------------|-------------------|
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | |
| Operating income (loss) | \$ 1,647 | \$ 127,900 | \$ 129,547 |
| Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities: | | | |
| Depreciation | 9,564 | 139,425 | 148,989 |
| Changes in Assets and Liabilities: | | | |
| Increase (decrease) in: | | | |
| Increase (decrease) in accounts payable | -- | 12,110 | 12,110 |
| Increase (decrease) in accrued salaries | 2,414 | 291 | 2,705 |
| | <u>\$ 13,625</u> | <u>\$ 279,726</u> | <u>\$ 293,351</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 13,625</u> | <u>\$ 279,726</u> | <u>\$ 293,351</u> |